Sweden and the EU

Weighing the threat to a way of life

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Alpine technology

The appliance of ski science

Technology, Page 8

Factory shops

New weapon in the discount war

Page 7

Golden goose

Foreign banks move into China

Page 4

FINANCIAL TIMES

Europe's Business Newspaper — THURSDAY JANUARY 6 1994 — D8523A

France's central bank freed as council is chosen

The French government completed the final stage of its creation of an independent central bank, appointing a nine-member council which will have autonomy in the conduct of monetary policy and the determination of interest rates. Edmond Alphandéry, the economy minister, said the central bank would be as independent as the Bundesbank in the formulation of monetary policy. Page 12; **Defenders of the franc, Page 2; Editorial Comment, Page 11**

Croatia faces sanctions threat: Madeleine Albright, US ambassador to the United Nations, warned Croatia that it could face international economic sanctions unless it stayed out of the Bosnian war. Lieutenant-General Sir Michael Rose will become the new commander of UN forces in Bosnia later this month, succeeding Belgian Lieutenant-General Francis Briquemont. **Croats warned, Page 12**

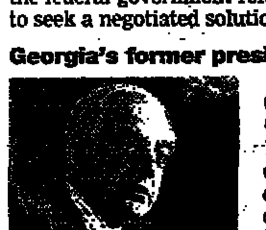
US warns against weaker yen: The US renewed its call for the Japanese government to stimulate the country's economy, and warned it not to hope for a weaker yen to pull it out of recession. **Page 12**

Kmart, the US retailing giant under pressure over its flagging financial performance, announced that restructuring charges aimed at improving profitability would wipe $1.3bn off pre-tax profits in the year to January 26. **Page 13**

Buyers may switch from Zantac: Glaxo could suffer a sharp slowdown in sales of its biggest-selling product, the ulcer treatment Zantac, later this year, according to a survey by Goldman Sachs, the US stockbroker. **Page 13**

Mexican forces bomb rebels: Mexican forces stepped up their counterattack against peasant rebels in the southern state of Chiapas, while the federal government reiterated its willingness to seek a negotiated solution. **Page 3**

Georgia's former president in 'suicide'



Zviad Gamsakhurdia (left), president of Georgia from April 1991 to January 1992, committed suicide on December 31, the official news agency Itar Tass reported. However, the Georgian security ministry said that its intelligence sources believed Mr Gamsakhurdia had been shot in Grozny, the capital of the Russian republic of Chechnya, where he had taken refuge since his violent overthrow in January 1992. **Page 2**

Russia's $500m parliament: The Russian government, strapped for cash and awash with property, is to spend $500m on a new parliament after taking over the old one for itself. **Page 2**

Mideast compromise closer: Israel and the Palestine Liberation Organisation edged towards a compromise formula for resuming peace talks but Mr Yitzhak Rabin, Israeli prime minister, ruled out a meeting this week. **Page 4**

Cambodia offensive due: Senior Cambodian generals say they are preparing their forces for a big offensive against the Khmer Rouge, but concede their intention is a propaganda victory rather than a military one. **Page 4**

Aérospatiale, the French aircraft and missile group, said its losses last year were "significantly" less than in 1992, but it warned it could not hope to turn in an overall profit until 1995. **Page 13**

US new vehicle sales up 8%: *Sales* of new cars and light trucks in the US rose by more than 8 per cent last year to around 14.2m, the highest level since 1989. **Page 3; Japanese car sales reach five-year low, Page 4**

Westland, UK helicopter manufacturer, has secured a £150m order from the Brazilian navy after protracted negotiations and against strong French and US competition. **Page 5**

Beirut rebuilding shares 'oversubscribed': Lebanon's biggest share launch – to establish a company which will rebuild war-torn central Beirut – will be oversubscribed, the company and bankers handling the offering said. **Page 4**

VW-GM court case: By poaching eight General Motors employees last year, Volkswagen gained access "overnight" to a fund of business knowhow built up by the US group over almost 10 years, a Frankfurt court was told. **Page 2**

■ STOCK MARKET INDICES		
FT-SE 100:	3379.2	(-28.3)
Yield	3.48	
FT-SE Eurotrack 100	1473.65	(-6.24)
FT-SE-A All-Share	1671.92	(-0.5%)
Nikkei	17,783.48	(+413.74)
New York lunchtime		
Dow Jones Ind Ave	3778.88	(-4.22)
S&P Composite	466.52	(-0.37)
■ US LUNCHTIME RATES		
Federal Funds:	$3\frac{1}{8}$%	
3-mo Treas Bills: Yld	3.127%	
Long Bond	98$\frac{1}{2}$	
Yield	6.391%	
■ LONDON MONEY		
3-mo Interbank	$5\frac{7}{32}$%	(Same)
Liffe long gilt future:	Mar 118$\frac{3}{4}$	(Mar 119$\frac{5}{8}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Feb)	$14.08	(13.57)
■ Gold		
New York Comex (Feb)	$392.1	(395.1)
London	$396.5	(394.25)

■ STERLING		
New York lunchtime:		
$	1.488	
London:		
$	1.4864	(1.4819)
DM	2.5861	(2.5782)
FFr	8.7732	(8.7549)
SFr	2.1998	(2.2021)
Y	167.681	(167.679)
£ Index	82.2	(82.1)
■ DOLLAR		
New York lunchtime:		
DM	1.739	
FFr	5.9075	
SFr	1.479	
Y	112.925	
London:		
DM	1.7399	(1.7398)
FFr	5.9025	(5.9081)
SFr	1.48	(1.4861)
Y	112.76	(113.155)
$ Index	67.7	(67.8)
Tokyo close Y 113.12		

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11		
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30		
Bulgaria	Lev25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50		
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00		
Czech Rp	CZK50	Israel	Shk6.00	Norway	NKr17.00	Spain	Pta225		
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16		
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30		
Finland	FM14	Jordan	JD1.60	Philippines	Pso50	Syria	S£50.00		
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500		
Germany	DM3.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	L10000		
						UAE	Dh12.00		

Metallgesellschaft stuns banks with loss near DM2bn

German industrial group seeks huge capital injection

By Christopher Parkes in Frankfurt

Metallgesellschaft yesterday stunned its creditor banks with news of an estimated loss of almost DM2bn ($1.15bn) last year, and a request for a massive capital injection.

"It was far, far worse than expected," one participant said after bankers met the new management of the crumbling metals, mining and engineering group. "The company is effectively in the hands of the banks."

According to a formal statement from the group, the board proposed to raise DM2.7bn ($1.56bn) in new capital through a DM250 a share issue to raise DM1.4bn, and the conversion of DM1.3bn-worth of bank debt to junior convertible stock.

The board also requested DM500m in new credit lines for the parent company, Metallgesellschaft AG. While bankers were asked to agree in principle to a 90-day debt moratorium, the company said they should decide on their participation in the planned capital raising with "the highest priority", for fear of further damage to the company.

Sound, high-profile subsidiaries such as the Lurgi plant engineering business, dependent on long-term contracts, often awarded by governments, could be put gravely at risk by loss of international confidence.

Asked if the group's shares, condemned as "effectively worthless" by some bankers, were to be suspended, a spokesman said: "I don't know, I'm not the chairman of the stock exchange".

In November, Mr Heinz Schimmelbusch, who was later sacked as chairman, announced a pre-tax deficit of DM347m for the year to September 30, attributing most of that to losses at a tool-making subsidiary.

But yesterday, Mr Kajo Neukirchen, chairman since December 17, said when the revision of the accounts was complete, the consolidated deficit would be around DM1.9bn, almost all attributable to the parent, Metallgesellschaft AG.

If the worst came to the worst, speculation on the New York oil futures market by MG Corp, a US subsidiary, which sparked the crisis, could cost another DM1bn over the next two or three years as positions were unwound. Apart from the equity issue, the group management also plans a sale of assets, possibly including the Buderus heating equipment business and other readily saleable operations, and to cut its workforce by at least 20,000.

Although a company statement said the restructuring plans had been positively received by the 40 to 50 bankers present, some were unhappy at the tightness of the timetable. There were also grim warnings of potential damage to the credibility of other German multinational companies among international banks.

At the time of Mr Schimmelbusch's sacking, the group supervisory board said it had not been kept adequately informed.

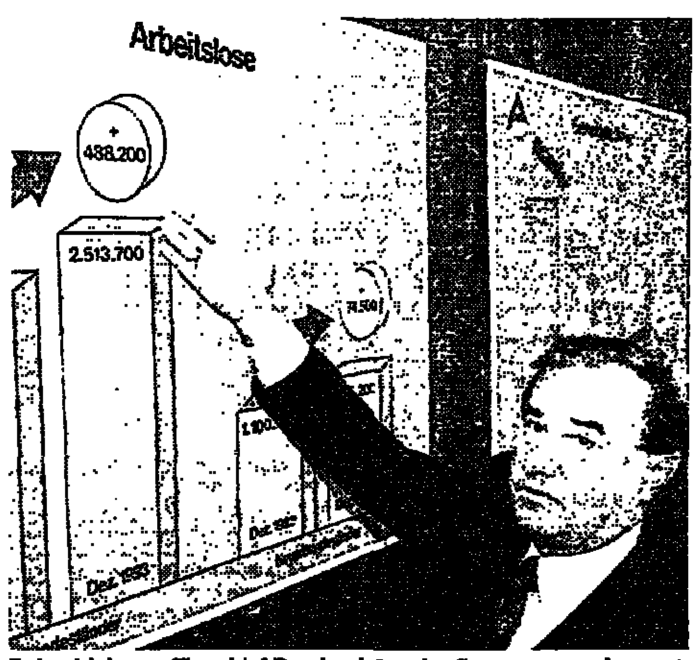
However, critics of German management controls have long complained that supervisory boards, often dominated by large banks, are overindulgent. At yesterday's meeting, officials representing Deutsche Bank and Dresdner Bank – both major shareholders and lenders to Metallgesellschaft – were reported to have contributed little to the discussion.

Mr Ronaldo Schmitz, a Deutsche Bank director, and chairman Metallgesellschaft's board of supervisors, said shortly before Christmas that management had allowed MG Corp to run its own affairs rather than keeping a close watch. By contrast, he said, the London-based metals trading operation had always been perfectly controlled.

Industrial orders fall as unemployment rate rises

Jobless in West Germany up to 2.5m

By Ariane Genillard in Bonn and Christopher Parkes in Frankfurt



Federal labour office chief Bernhard Jagoda: German unemployment figures were 'largely attributable to seasonal fluctuations'

West Germany's unemployment rate in December rose to its highest level since reunification four years ago, overshooting government estimates and damping hopes for economic recovery in 1994.

More than 2.5m were registered without jobs in the western part of the country in December, bringing the unadjusted unemployment rate to 8.1 per cent, according to figures released by the Federal Labour Office yesterday. This compares with 2.4m in November and an unemployment rate of 7.8 per cent.

The high unemployment rate was announced as industrial orders for November continued to show weak domestic demand. Orders in Germany fell by 0.5 per cent against October, while orders from abroad dropped by 1.5 per cent, according to the economics ministry.

In light of the continuing recession, Mr Hans-Jürgen Koebnik, a member of the Bundesbank decision-making central council, said yesterday that the central bank's policymakers believed Germany's short-term interest rates were too high.

The 5.75 per cent discount rate and the 6.75 per cent Lombard rate, unchanged since October 22, would fall during the course of the year provided conditions were right, he said. Mr Koebnik, president of the central bank of Saarland and Rhineland-Palatinate, said the inflation rate was an especially important factor.

His remarks match the opinions of most independent economists, but contrast with the approach traditional among Germany's central bankers.

Mr Bernhard Jagoda, president of the federal labour office, said the unemployment figures were "largely attributable to seasonal fluctuations". Still, on an adjusted basis the number of unemployed west Germans rose to 2.494m in December from 2.489m in November. In total, 675,000 people lost jobs in western Germany for the whole year.

In the autumn, a government forecast said the west German unemployment rate would reach 7.5 per cent by the end of 1993. But unemployment is expected to climb to 10 per cent next year, according to revised government projections published late last month.

Economists have been warning that unemployment could continue to rise as short-time workers are made redundant. Since the beginning of the year, the number of short-time workers, who have part of their salary covered by the federal labour office, has nearly halved.

In eastern Germany, unemployment could continue to rise as places on retraining schemes are reduced. Eastern Germany's unemployment rate rose to 15.4 per cent in December from 15.1 per cent the previous month.

Lex, Page 12

Banks to give $2.1bn to shore up Banesto

By Peter Bruce and John Gapper in Madrid

The Bank of Spain has pressed the country's big banks and savings banks into opening a Pta300bn ($2.1bn) line of emergency short-term credit on the interbank market to help shore up liquidity at Banesto, the struggling commercial bank whose management was replaced by the authorities last week.

Spanish retail depositors have withdrawn up to Pta250bn from Banesto since its chairman, Mr Mario Conde, and the rest of his board were dismissed by the Bank of Spain on December 28. The move came after the central bank's inspectors found a Pta503bn over-valuation of assets at Spain's fourth biggest bank.

Mr Luis Angel Rojo, the governor of the bank, met senior executives of the banks and savings banks in Madrid on Tuesday morning, winning agreement from them that the banks would supply 70 per cent of the credits Banesto needs, with the rest being supplied by the savings banks.

A representative of one savings bank described the meeting as 'tense', reflecting unease, particularly among the savings banks, at being forced to come to the assistance of Banesto. The commercial banks may also be asked later this year to help recapitalise Banesto with a temporary equity injection.

In order to ease worries among the institutions being asked to supply short-term credit to Banesto now, the Bank of Spain has undertaken to guarantee loans made through the credit line to Banesto, which by September last year was Pta504bn in debt in the interbank market.

Details also emerged yesterday of an earlier attempt by J.P. Morgan, the US bank which advised Banesto, to persuade the Bank of Spain that Banesto could survive under its former management.

Continued on Page 12

Greece at odds with EU over Macedonia

By David Gardner in Athens

Greece, which this week took over the presidency of the European Union, refused yesterday to join its partners in recognising the former Yugoslav republic of Macedonia.

Its resistance clouded hopes of a renewed effort to end the fighting in Bosnia, and of the EU developing a common foreign and security policy.

Mr Andreas Papandreou, the Greek prime minister, refused to rule out closing his country's frontier with Macedonia, raising the threat of a border crisis while Athens is at the EU helm. Greece holds the rotating EU presidency until July.

After a meeting in Athens with the European Commission to set EU policy priorities for the six months, Mr Papandreou said "it is not our intention today to close the frontier" with Macedonia. But he warned that Athens reserved its options and that Macedonia was dependent on Greece and the Greek port of Thessaloniki for most of its trade.

Greece believes that the former Yugoslav Macedonia – which it refers to as Skopje, the republic's capital – is making a territorial claim on the Greek province of Macedonia, by virtue of its choice of name, its constitution and its flag, which bears an ancient Macedonian dynastic emblem discovered in 1975 in northern Greece.

"For us this is a kind of irredentism, and what is more, a territorial claim," Mr Papandreou said. "You cannot have neighbours threatening to liberate your territory."

Greece's partners have grown increasingly irritated with Athens' attempts to block EU recognition of Macedonia, which several governments have likened to Greek obstruction of closer links with Turkey because of the Turkish occupation of part of Cyprus.

Five member states – Germany, the UK, France, the Netherlands and Denmark – announced full diplomatic relations with Macedonia just before Greece took over the EU presidency from Belgium.

The depth of Greek feeling on Macedonia, shared in seemingly equal measure by Mr Papandreou's socialist government, the conservative opposition, and a clear majority of public opinion, was reflected by Mr Theodoros Pangalos, the Greek European affairs minister who now chairs the Council of Ministers of the EU.

"You want us to love the people who hate us," Mr Pangalos told journalists. "Of course they hate us; does the IRA hate Britain? These people are claiming half my country."

Mr Pangalos said Macedonia's "open claim" to Greek Macedonia

Continued on Page 12

Furore may prompt revisions in Italy's new drugs regime

By Haig Simonian in Milan

The Italian cabinet was meeting urgently last night to consider freezing, or substantially changing, new rules on medicine sales that have caused nationwide confusion.

Pharmaceutical companies welcomed the possibility that the legislation might be altered. The companies have given warnings that the new rules, introduced at the weekend, could have devastating effects on some manufacturers.

Under the original legislation the government's list of free or subsidised medicines has been revised to cut spiralling medical costs as part of the 1994 budget.

Hundreds of previously free drugs have been reclassified and must now be paid for by customers.

There were angry scenes across the country at pharmacies, hospitals and doctors' offices after the introduction of the new rules.

Many companies, claiming the changes were pushed through without adequate consultation by the health ministry, have taken legal action.

The reclassification coincided with the introduction of much tougher penalties on pharmacists dispensing drugs without prescriptions. Although Italian law technically requires prescriptions for a wide range of drugs, many can in fact be bought over the counter in pharmacies without a doctor's authorisation.

The new rules are designed to bring Italian practice into line with European Union regulations. The upshot, however, has been to create long queues at pharmacies, where patients unaware of the new rules have been turned away.

The Italian pharmacists' association has called for at least a temporary freeze on the new penalties to allow patients and doctors more time to adjust to the need for prescriptions.

Pharmacists have urged the government to authorise the use of faxed prescriptions to reduce the need for return visits to doctors' offices. They have also recommended that patients with chronic illnesses be given special identification cards, eliminating the need for repeat prescriptions.

Government officials said yesterday that the new legislation gave drugs companies the right to appeal, and the new list of approved medicines would be re-examined if necessary.

Italians choke on new regime. Page 2

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LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

NEWS: EUROPE

Paris to strengthen its role within Nato

By David Buchan in Paris

France is to start sending its defence minister and chief-of-staff to Nato meetings which have a bearing "on the possible use of French forces or on French interests", a senior defence official said in Paris yesterday.

This move will effectively put an end to France's boycott of Nato defence ministers' meetings ever since the late President de Gaulle ordered Nato headquarters out of Paris in 1966 and removed French troops from the alliance's integrated military command.

"The French government has decided that its defence minister and chief-of-staff can attend Nato meetings which discuss the possible use of French forces, such as in ex-Yugoslavia or in central and eastern Europe, or in operations involving the Western European Union," which by the Maastricht treaty is the intended defence arm of the European Union, according to the official.

He predicted that French defence ministers would thus figure "relatively frequently" at Brussels meetings, though not necessarily at each of the biannual meetings of the defence planning committee. France would also like to see foreign and defence ministers of Nato countries meeting together as they do in the WEU.

because "

Meanwhile, French defence and foreign ministry officials yesterday expressed broad satisfaction with the Clinton administration's two main proposals for next week's Nato summit in Brussels – the idea of giving east European countries a "partnership for peace" with Nato, falling short of any commitment to outright membership, and the proposal to create a "combined joint task force", outside the alliance's regular structure, to plan peace-keeping operations. French support for the task force idea will be particularly welcome in Washington, which designed the idea with French sensibilities in mind.

■ President Boris Yeltsin yesterday issued a sharp protest against Lithuania's wish to join Nato, warning this could rekindle cold war divisions and lead to the region's "military and political destabilisation", writes Leyla Boulton in Moscow.

In a statement published a day after the former Soviet republic announced it would try to join Nato, Mr Yeltsin's spokesman said that the president was concerned the expansion of Nato to include countries on Russia's border would provoke "a negative reaction" in Russia.

The spokesman, Mr Vyacheslav Kostikov, said Mr Yeltsin expected Nato leaders to dispel "an impression of ambiguity on a question which concerns both the fate of the world and of Russia's national interests".

Italians choke on drugs regime

By Haig Simonian in Milan and Daniel Green in London

Seldom have drugs companies, doctors, pharmacists and patients been so united against legislation as they are in Italy since new rules on selling drugs came into effect on January 1.

Queues have built up outside pharmacies, doctors' surgeries and hospital emergency units from Parma to Palermo as patients struggle to grasp the impact of complex new laws designed to cut rising health costs and crack down on unauthorised drug sales.

Foreign pharmaceutical companies have adopted a cautious response to rule changes which put their products into three categories: A for free drugs; B for those receiving a 50 per cent government subsidy; and C for drugs where the patient pays the full cost.

They say they have yet to study the regulations and point out that there is a 30-day period in which they can appeal against decisions to take drugs off the free list.

There is much at stake for the industry. The Italian market is the third biggest in the Europe and sales there last year were worth about 6 per cent of the $200bn (£135.1bn) annual global prescription drug market.

Sanofi-Winthrop, a US-French joint venture, is typical of many. Its sales of $190m a year in Italy could be cut sharply. Several of its drugs, including the big selling anti-clotting agent, Tiklit, have been consigned to category B.

Even worse hit could be Ares-Serono, a Swiss company whose Italian sales have already fallen by a quarter in Swiss franc terms in the past 12 months thanks to drug price controls and devaluation of the lira.

The company said yesterday it expected sales to continue to fall. Its cancer treatment, TPI, with sales worth $80m a year, has been put into category C.

Opponents of the classifications should be cheered by the apparent anomalies that have arisen. Glaxo of the UK, for example, makes two asthma drugs. The old one, Ventolin is in category A, and the new one, Serevent, is in C. The result is likely to be that Italian asthma sufferers will use the older treatment.

Leading Italian drug companies, some of which say they will lose billions of lire in annual sales as a result of the reclassification, have threatened to take legal action against the health ministry on the grounds of inadequate consultation.

However, Mr Cesare Fassari, a spokesman for the Italian pharmaceutical industry association, has emphasised that his members back the government's decision to update the previous list of free medicines and liberalise drugs pricing.

Strict price supervision and the lengthy bureaucratic steps required to get products on to the old list were partly responsible for the system of kickbacks and other abuses by drugs companies which have come to light in recent months in Italy's long-running political corruption scandal.

The industry, however, argues that the new classifications are likely to need considerable revision within the next 60 days, when a new price structure designed to bring Italian drugs prices into line those elsewhere in Europe, comes into effect.

Senior government officials recognised yesterday that the new rules would have to be altered to make them more transparent and potentially to soften the blow for pharmaceutical companies.

QUOTED PHARMACEUTICAL COMPANIES IN ITALY

Name	Sales (1992) $m	% of prescription drug sales
Pharmarcia (Sweden)	630	18
Glaxo (UK)	605	8
Hoechst (Germany)	550	9
Merck (US)	550	7
SmithKline Beecham (UK)	400	8
Sandoz (Switzerland)	375	10
Roche (Switzerland)	355	9
Bristol Myers Squibb (US)	350	6
Bayer (Germany)	350	9
Ares-Serono (Switzerland)	300	40
Pfizer (US)	270	6
Ciba Geigy (Switzerland)	240	5
Schering AG (Germany)	240	10
Rhone Poulenc Rorer (France)	230	7
Johnson and Johnson (US)	220	5
Lederle (American Cyanamid)	195	11
Sanofi-Winthrop (France-US)	19011	
Schering Plough (US)	180	6
Wellcome (UK)	175	7
Zeneca (UK)	160	6
Astra (Sweden)	140	5
Others		
Fisons (UK)	58	8
Boots (UK	40	8

Source: Lehman Brothers Total Italian market (source Glaxo). $12bn. 6 per cent of the world's market ($200bn in 1992).

Lawyer's claim at VW-GM court case:

Ten years of know-how was gained 'overnight'

By Christopher Parkes in Frankfurt

By poaching eight General Motors employees last year, Volkswagen gained access "overnight" to a fund of business know-how built up by the US group over almost 10 years, a Frankfurt court was told yesterday.

If VW had succeeded with its scheme to lure away a further 21 purchasing and production experts, the result would have been a "catastrophe" for General Motors Europe, according to Mr Heinz Wetterkamp, a lawyer representing Adam Opel, GM's German subsidiary.

Mr Wetterkamp was pleading in the first open-court confrontation between the rival motor groups since VW's controversial hiring of Mr José Ignacio López de Arriortúa, GM's former global purchasing chief, last March.

Opel claims VW set out systematically, and in breach of competition rules, to woo away key GM personnel, and demands that the seven men who followed Mr López almost immediately be suspended from their jobs for a year.

Mr Jürgen Kicker, VW's lawyer, countered that seven defectors had followed Mr López of their own free will. The charismatic Basque's "warriors" had left the US group because "people feel helpless and isolated" when their chief goes, he suggested.

Mr Kicker, who claimed GM had employed psychological pressure to try to prevent Mr López and at least one of his colleagues from going, said penalties such as suspension from work could only apply in cases of "massive poaching". Mr Wetterkamp was basing his case on seven people, he said.

However, files before the court contain affidavits from a further 20 Opel employees who claim to have been approached by Mr López and others. Some were allegedly offered doubled salaries.

Although yesterday's civil suit is formally unconnected with a continuing criminal investigation into allegations of document theft and industrial espionage against Mr López and three of the seven, Mr Wetterkamp wove details from the two cases together in an apparent bid to persuade the court that the defections had been carefully plotted.

Mr López had arrived in Germany on March 16. A special aircraft almost immediately brought in 20 boxes of documents which had earlier been sent to Spain at Mr López's request. Within days, when his followers started to arrive, a "task force" had been set up to file data in computers, GM documents from the boxes were shredded in VW's private company guesthouse, and all seven men were promptly installed in new jobs. "Preparations were so far advanced that they could take jobs immediately," Mr Wetterkamp said.

Although Opel had failed in two previous attempts to win temporary injunctions to have the seven men suspended, company officials said after the hearing that they were confident of winning this time. The court is to rule on February 2. It was the first time the full evidence had been taken into consideration, and the judge had refused VW's appeals that he should "take the easy route" and dismiss the case on procedural grounds, a spokesman noted.

Russia to pay $500m for new parliament

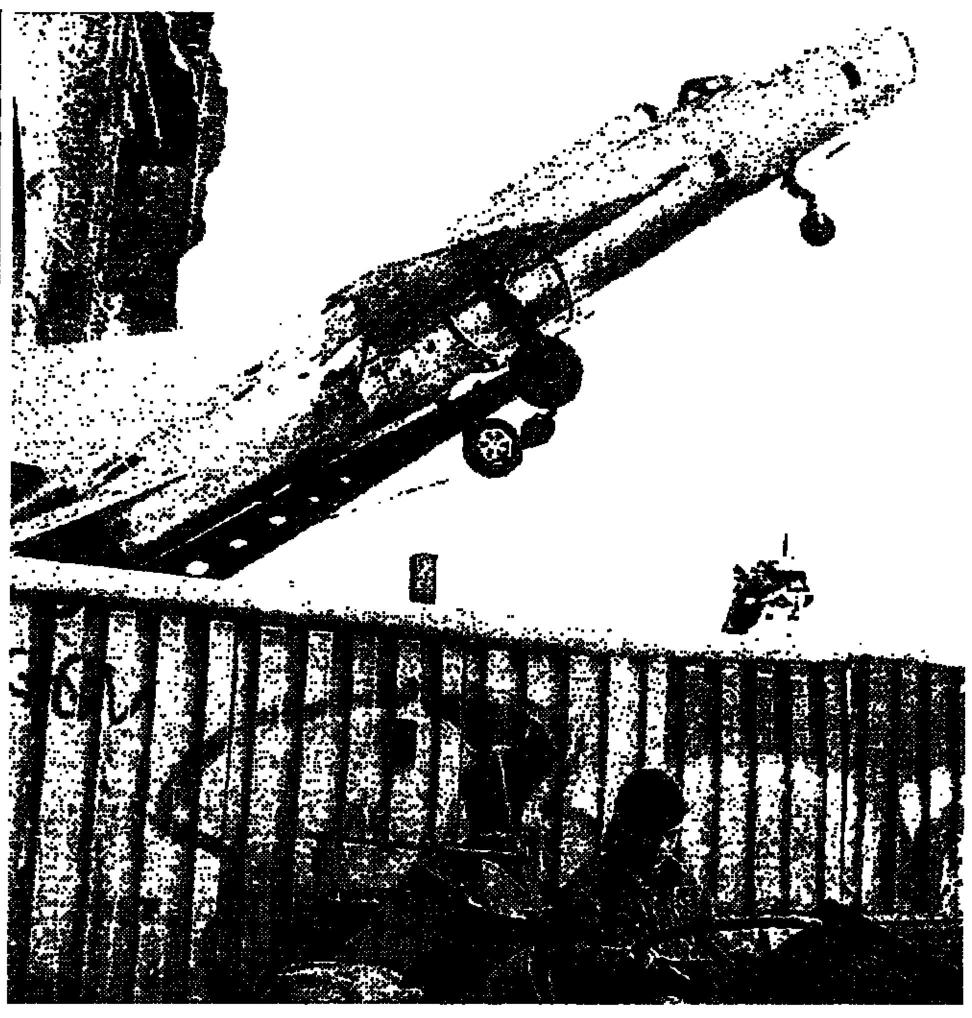
By Leyla Boulton in Moscow

The Russian government, strapped for cash and awash with property, is to spend $500m on a new parliament after taking over the old one for itself.

Mr Pavel Borodin, a senior official in President Boris Yeltsin's administration, told the organising committee for the new parliament that construction would begin next month and take 10 months. Contracts would be awarded this month to foreign companies to erect the complex, complete with a 700-room hotel for deputies.

The government has taken over the old parliament building with Mr Victor Chernomyrdin, prime minister, already occupying the office of the jailed parliamentary speaker, Mr Ruslan Khasbulatov.

The authorities have been unable to clear adequate space for the new federal assembly. Its lower chamber is to be housed temporarily in the former Comecon skyscraper, while the upper chamber is to sit in the former Soviet construction ministry.



Reuter

A boy playing on a tractor yesterday in front of a Soviet MiG-21 bomber in east Berlin. The aircraft is part of a sculpture which stands at the entrance of an arts centre set up after unification

Georgia's former president in 'suicide'

By John Lloyd in Moscow

Mr Zviad Gamsakhurdia, president of Georgia from April 1991 to January 1992, committed suicide on December 31, the official news agency Itar Tass reported yesterday.

However,the Georgian security ministry said that its intelligence sources believed Mr Gamsakhurdia had been shot in Grozny, the capital of the Russian republic of Chechnya, where he had taken refuge since his violent overthrow in January 1992.

Quoting the former president's wife, Manana, the agency said that he had taken his own life after being surrounded at night by "unknown men" in an area in western Georgia following the collapse last October of his attempt to retake power from Mr Eduard Shevardnadze.

A further announcement by his press service in Grozny said that Mr Gamsakhurdia had left a statement before his death, which read: "This act is undertaken in full consciousness, as a sign of protest against the current regime."

NEWS IN BRIEF

Germany to press EU on telecoms

Germany will press for an end-of-decade deadline for the liberalisation of telecommunications infrastructure across the European Union when it assumes the EU's presidency in July, write Andrew Adonis and Ariane Genillard.

Mr Wolfgang Bötsch, German telecommunications minister, said yesterday that Germany wanted to see liberalisation take place two years after competition is introduced in basic voice services, which will take place in 1998 in most EU states. The 1998 deadline will allow telecom operators to provide rival services across each other's networks. However, existing EU policy does not extend to allowing competitors to build their own infrastructure.

The European Commission is due to publish a policy statement on telecommunications infrastructure early next year. But the Greek socialist government, which holds the EU presidency, is unenthusiastic about liberalisation, and little progress is likely to be made until Germany succeeds in July.

The UK is currently the only EU state to allow full infrastructure competition.

However, the Netherlands is likely to allow a consortium of utilities and others to build a second network to compete with the state operator when it is partially privatised this year. Infrastructure competition is also permitted in some Scandinavian countries.

Russian inflation slows again

Russian monthly inflation slowed to 12 per cent in December, the lowest level for the whole of last year after strenuous efforts by the finance ministry to cut spending wherever it could and restrain the country's habit of printing money to finance the budget deficit, writes Leyla Boulton.

This brought annual inflation to about 900 per cent in 1993 from 2,500 per cent in 1992. The monthly rate for December compared to 15 per cent in November and 20 per cent in October.

Bulgarian interest rates surge

Bulgaria's central bank yesterday nearly doubled the interest rate on short-term deposits to defend the plummeting national currency, Reuter reports from Sofia.

The Bulgarian National Bank increased interest rates on one-week deposits by commercial banks to 53 per cent from 27 per cent to support the lev, after the currency hit a record low of 35 levs to the dollar.

Strong dollar demand has seen the lev fall 6.14 per cent in a week and by 43.15 per cent in the past year.

Denmark cuts discount rate

The Danish central bank, encouraged by economic prospects, yesterday announced its ninth discount rate cut in five months, bringing the key rate a quarter point lower to 6 per cent, Reuter reports from Copenhagen.

The bank also released data showing that its foreign currency reserves grew by DKr9.3bn ($1.38bn) to DKr69.8bn at the end of December from the previous month.

The krone has strengthened gradually from levels above DKr4.15 to the D-Mark shortly after the suspension of the exchange rate mechanism (ERM) last August to DKr3.88 yesterday, well within its former narrow ERM band.

Euro-citizens condemn open borders delay

By Andrew Hill in Brussels

The European Union's attempt to end passport controls at internal borders has been "a catalogue of broken promises", according to a Europe-wide citizens' lobby group.

Euro Citizen Action Service (Ecas) yesterday condemned the European Commission and EU member states for failing to abolish checks at internal borders, a year after the original deadline of January 1, 1993.

Since then, the nine members of the Schengen free-travel zone – all EU countries except Britain, Denmark and Ireland – have set and missed two further deadlines and are now aiming to abolish passport checks on February 1.

But Mr Tony Venables, who heads Ecas, yesterday cast doubt on the countries' ability to meet the new deadline. Schengen officials admitted yesterday they could not guarantee that a new computer system, linking national immigration and police authorities, would be in place in time.

"What we are protesting about is that nothing really changed after January [1993]: the same habit of systematic bureaucratic controls continues everywhere, especially at borders," Mr Venables told a press conference yesterday.

Ecas yesterday launched a new telephone "hotline"*, which will allow European citizens to complain about problems with border controls after February 1. Ecas received more than 700 calls, letters and fax messages about border controls when it ran a similar hotline last January. The European parliament has already lodged a complaint against the Commission with the European court, accusing Brussels of failing to enforce EU rules on free movement of people. Ecas yesterday threatened to open a second case.

Siemens and Bull, the German and French electronics groups, have been working on the Schengen computer system for two years, but they have yet to iron out all the software problems. Schengen experts will meet in Brussels on January 25 to decide whether the February 1 deadline can be met. Ecas and the parliament then want Brussels to take tough action to force Britain, Denmark and Ireland to abolish their passport checks.

** Ecas, 1, rue Defacqz, 1050 Brussels, Belgium. Hotline (from February 1 to February 7): (32 2) 534 4233*

Defenders of the franc

By John Ridding and Alice Rawsthorn

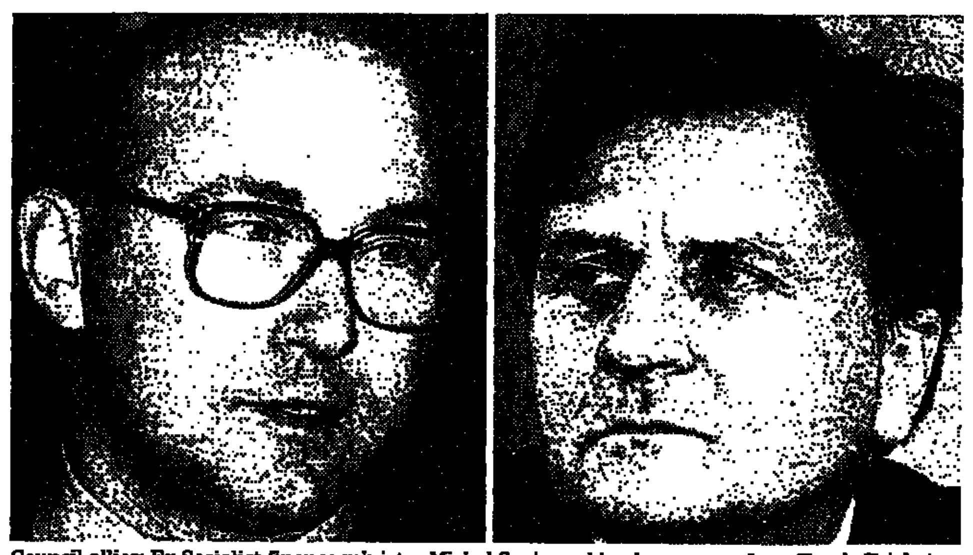
The nine-member council which was yesterday entrusted with the management of France's monetary policy brings together an assortment of individuals from the worlds of politics and business to academia and journalism.

Mr Jean-Claude Trichet, the governor of the central bank, and his two deputies, Mr Hervé Hannoun and Mr Denis Ferman, will be joined by six members who span political and occupational lines.

The best-known of the council members is Mr Michel Albert, 63, who for the past 10 years has been chairman of Assurances Générales de France (AGF), the third largest French insurance group. Mr Albert is as renowned for his writing on economic issues as for his work in the insurance industry.

His 1991 book, Capitalisme Contre Capitalisme, which analysed the structural differences between the French, German and Anglo-Saxon models of capitalism, has been highly influential in France.

Mr Albert, a devout Europhile, has long been committed to the Balladur government's policy of maintaining a strong franc. Those views are shared by the left's representative on the council, Mr Michel Sapin, finance minister in the former Socialist government. Mr Sapin, who at 41 is the youngest member of the committee, demonstrated his commitment to a strong franc during his 11-month tenure as finance minister.



Council allies: Ex-Socialist finance minister Michel Sapin and bank governor Jean-Claude Trichet

His appointment was the subject of a dispute between the Socialist president, Mr François Mitterrand, and Mr Balladur. The prime minister, concerned about the appointment of a politician close to Mr Michel Rocard, the Socialist leader, finally agreed to the appointment on Tuesday night.

Also contested was the appointment of Mrs Denise Flouzat, an economics professor, who has worked at several universities including the Sorbonne in Paris. She fought off a challenge for the final place on the committee from Mr Alexis Gourvennec, head of Brittany Ferries.

In laying out his plans for an independent Bank of France last summer, Mr Edmond Alphandéry, the economy minister, said he did not want the monetary policy council to be dominated by the "Parisian monetary intelligentsia". But Mrs Flouzat, who is 65 and the only woman on the council, ensures that there will be one representative of this group.

The voice of industry is expected to come from Mr Jean-Pierre Gérard, head of France's national standards testing laboratories. An engineer, Mr Gérard was chairman of Thomson Jeumont, the cables group, in 1980-1984.

Mr Balladur can expect support for the *franc fort* from Mr Jean Boissonat, the media's representative on the council. Mr Boissonat, 65, an economics commentator, has long advocated monetary stability.

The ninth member of the council is another financial heavyweight, Mr Bruno de Maulde, 59, chairman of the Conseil des Bourses de Valeurs, the stock market watchdog, and a former chairman of Crédit du Nord, a retail banking subsidiary of the Paribas group.

Neither a Fed nor a Bundesbank

By David Buchan in Paris

The monetary policy committee (MPC) is the only part of the Bank of France which will now be independent of overt government control.

The government will retain a say in the remaining Bank of France activities, which include supervising commercial banks, compiling corporate data, running the payments clearing system, providing management advice to industry, and conducting some private banking.

The government decided to leave the central bank's structure intact, but to create within it the MPC as a sanctuary against political influence on monetary policy, money supply, interest rates and the consequences of these for the external and internal value of the franc.

The MPC's nine members – the six outside directors appointed yesterday and the the bank's governor, Mr Jean-Claude Trichet, and his two deputy governors – are forbidden to "solicit or accept" external instruction on the conduct of monetary policy. But as Mr Edmond Alphandéry, the economy minister, said yesterday: "The bridges with the [economy] ministry are not cut. Concertation and discussion [with the government] will obviously be maintained as in the US or Germany."

The issue of accountability remains unclear. The MPC, which will hold its first meeting next week, is different from both Bundesbank and Federal Reserve. It must decide the degree to which its president should follow the Fed example of appearing regularly before parliament, or the Bundesbank example of press conferences, or combining both.

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NEWS: THE AMERICAS

Mexican air force bombs rebels

Peasants retreat into the jungle

Mexican forces yesterday stepped up their counter-attack against peasant rebels in the southern state of Chiapas, while the federal government reiterated its willingness to seek a negotiated solution, agencies report from San Cristobal de las Casas.

The air force launched a bombing attack on supposed rebel strongholds in the hilly outskirts of San Cristobal, witnesses said yesterday.

The attack was launched in the same area where the Mexican army fired rockets on Tuesday night at rebels who began an uprising on New Year's Day.

Journalists were interviewing witnesses to the rocket attack when the bombing took place. People dived under cars for cover and it was not immediately clear whether there were any injuries.

Many of the rebels, who are protesting at the conditions of peasants in the poverty-stricken state, appear to have retreated into the southern jungles in the face of the military onslaught.

At dusk on Tuesday, army aircraft bombed a poor neighbourhood near a military base south of San Cristobal. Witnesses saw five warplanes and counted seven bombs. There were no immediate reports of damage or injuries. Tanks were also reported to have been deployed against the rebels.

A dirt road leading to the bombed neighbourhood was blocked by scores of tense soldiers who refused access to reporters. They said they were still searching for guerrillas who had set up positions near a small mountainous village called El Corralito, just to the south.

Mr Eloy Cantu Segovia, an adviser to Interior Minister Patrocinio Gonzalez, said yesterday of the earlier air attacks that the aircraft were summoned on Tuesday evening by troops who had been surrounded by rebels. "Thus this means the army was only defending itself; it was not a punitive action," he said.

Mr Cantu said that before peace talks could take place the rebels must cease hostilities, turn over their arms including 3,000 pounds of dynamite stolen from the state oil company Pemex the day before the uprising, identify their leaders and release kidnap victims.

A military statement said 93 people had been killed in four days of fighting, including seven soldiers, 59 rebels and 27 civilians and police. Eight rebels were detained, the statement said.

The rebels pulled out of three towns they occupied on New Year's Day. The army reported continued sniping in Ococingo, scene of the fiercest fighting, and in some other areas.

The rebels, calling themselves the Zapatista Army for National Liberation, are protesting at injustices in Chiapas, a state plagued by poverty, illiteracy and chronic land disputes. They appeared to have some 1,000 fighters.

The army had about 14,000 soldiers in Chiapas, the independent Excelsior news agency reported.

Msgr Samuel Ruiz, the area's Roman Catholic bishop, said the rebels had not responded to the church's offer to mediate the conflict.

Mr Ruiz said he was worried the army's "massive response" might result in human rights violations. He called for a ceasefire and for international observers to come to Chiapas.

READY FOR ACTION: Rebels from the Ejercita Zapatista de Liberacion Nacional in Huixtan village, Chiapas state, yesterday *Reuter*

Recovery contrasts with fall in Japan

New car and truck sales in US up 8%

By Kevin Done, Motor Industry Correspondent, in Detroit

Sales of new cars and light trucks in the US rose by more than 8 per cent last year to around 14.2m, the highest level since 1989, according to provisional industry figures.

Sales rose by 1.1m from 13.1m in 1992 and 12.5m in 1991, the low point of the last recession. The US market peaked at 16.3m in 1986.

The strengthening recovery in the US new vehicle market is in stark contrast to the steep fall in demand in Europe last year. It also contrasts strongly with the further drop in new vehicle sales in Japan, where demand has fallen for three years in succession.

The increase in sales in the US has been driven by the surge in demand for light trucks, such as pick-ups, minivans (multi-purpose vehicles), vans and four-wheel drive sports/utility vehicles, now accounting for about 40 per cent of the US passenger vehicle market.

Light truck sales, still dominated by the big three US vehicle makers, General Motors, Ford and Chrysler, rose 16 per cent last year to a record 5.7m; car sales rose 4 per cent to 8.5m.

US carmakers outperformed the market with a 10.4 per cent increase in new vehicle sales.

Japanese carmakers, which have been forced to increase prices more quickly than their US rivals under pressure from the strong appreciation in the value of the yen, have lost market share.

The rapid improvement in the fortunes of the domestic US vehicle makers was led by Chrysler, the smallest of the big three, which increased its total vehicle sales 19.9 per cent to 2.047m from 1.71m a year earlier.

Sales of light trucks by Chrysler accounted for 59 per cent of its total sales volume last year but the company is strengthening its position in the car market with the launch of a series of new models this year.

US carmakers outperformed the market; the Japanese have lost market share

These included the Neon small car and the Chrysler Cirrus/Dodge Stratus large family cars, which were unveiled this week at the Detroit motor show.

Chrysler, which is undertaking a rapid renewal of its product range, increased its car sales last year by 23.1 per cent to 834,132, while its light truck sales rose 17.8 per cent to 1.2m.

Ford also performed strongly and accounted for five of the top 10 best-selling vehicles in the US.

Its full-sized F-series pick-up was the best-selling vehicle in the US at 565,000, while the Ford Taurus was the best-selling car at 360,000, ahead of the Honda Accord at 330,000.

Ford's total vehicle sales increased 12 per cent to 3.6m. Its car sales increased by 6 per cent to 1.878m, while light truck sales rose by 19.4 per cent to 1.68m.

General Motors, the world's biggest vehicle maker, suffered a further small erosion of its US market share to about 33 per cent. Its total vehicle sales rose 5.9 per cent to 4.7m.

GM, whose North American automotive operations are being drastically restructured after several years of heavy losses, increased its new car sales by 2 per cent to 2.93m, while its truck sales increased 13 per cent to 1.79m.

Among the Japanese carmakers, Honda's sales in the US fell 7.3 per cent last year to 717,000.

Total vehicle sales by Toyota, including its Lexus luxury car division, increased 1.3 per cent to 1.033m.

Sales of cars under the Toyota brand fell 2.1 per cent.

Nissan, the second biggest Japanese carmaker, staged a strong recovery after falling behind its Japanese rivals in the US.

Its total sales, including the Infiniti luxury car division, rose 17.9 per cent to 680,000.

Kravchuk faces Clinton squeeze

By George Graham in Washington

President Bill Clinton will not meet President Leonid Kravchuk of Ukraine during his visit to Moscow next week unless significant progress has been made on US demands that Ukraine honour its promises to give up the nuclear weapons based on its territory.

Although talks between the US, Russia and Ukraine on the nuclear missile issue have accelerated in recent days, White House and State Department officials have been much more cautious about the prospects for reaching agreement than have their Ukrainian counterparts.

In Kiev, Ukrainian officials have been reported as saying that Mr Kravchuk had already been invited to Moscow by President Boris Yeltsin.

US officials, who have been meeting this week in Washington with Mr Valery Shmarov, the Ukrainian deputy foreign minister, insisted nevertheless that a deal of such importance could not be rushed through just to fit in with the Moscow summit.

"My understanding is the meeting will occur if President Kravchuk is prepared to sign on behalf of Ukraine the non-proliferation treaty; likewise, the pledge that all the SS-19 and SS-24 missiles will, in fact, be dismantled and the warheads shipped back for destruction in Russia," Senator Richard Lugar, who is visiting Moscow, said yesterday.

Although Ukraine made these promises in 1991, it has not lived up to them. It has found that it tends to be taken more seriously both as a foreign policy voice and as a recipient of economic aid while it still holds nuclear weapons on its territory.

● US Defence Secretary Les Aspin, yesterday spoke to Russian Defence Minister Pavel Grachev on a new hotline, Reuter adds.

The hotline talk was another step in warming relations between the former cold war superpower foes. The US and Russian militaries will hold a joint exercise next summer.

The direct telephone link between the offices of the defence leaders is an addition to existing hotlines linking the US and Russian presidents and a teletype connection between military "war rooms" in Washington and Moscow.

NEWS IN BRIEF

US top brass to visit Vietnam

The head of the US Pacific Command will visit Vietnam this month, the highest-ranking active-duty US military officer to do so since American forces withdrew in 1973, Reuter reports from Washington.

Admiral Charles Larson is due to arrive in Hanoi on January 16 for a three-day visit in which he will discuss prisoner-of-war and missing-in-action issues, the Pacific Command said yesterday.

The visit coincides with the stepped-up debate in the US on whether Hanoi's co-operation on the POW/MIA matter warrants further relaxation of the two-decade US trade embargo against Vietnam.

US schools 'more violent'

US schools are becoming more violent with increasing assaults, fist fights, knifings and shootings in city, suburban and rural schools, according to the National School Boards Association, Reuter reports from Alexandria.

Venezuela jail toll at 122

The death toll in Venezuela's worst prison riot yesterday climbed to 122 with the discovery of the charred remains of at least 15 inmates in a tunnel prisoners had dug to escape, Reuter reports from Caracas.

Authorities said the corpses were burned so badly it was difficult to determine the exact number, but they believe there were between 15 and 17. The tally was expected to rise.

Support for Haiti action

Exiled Haitian President Jean-Bertrand Aristide says he would support a surgical strike by international forces to topple his nation's military government, Reuter reports from Miami.

FT-ISMA INTERNATIONAL BOND SERVICE

THE FT-ISMA International Bond Service, published on Monday to Friday in the Financial Times, shows daily prices, provided by the International Securities Market Association, for a selection of the most actively traded Eurobonds and related securities, picked from the sectors which best represent current market conditions.

The service sets out to include certain "benchmark" issues within the space available, while still trying to maintain a broad spread of borrowers and currency groups.

Selections are reviewed regularly by the Financial Times and the International Securities Market Association.

China proves a risk too good to resist

Louise Lucas on the attractions and frustrations that banks find on the other side of the open door

Angelina Fung lives in Shanghai in a five-star hotel which she says might as well have 500 for all it can compensate for the apartment and lifestyle she gave up in Hong Kong. The hotel offers only six-month corporate rates to guests such as Ms Fung because inflation makes it impossible to set prices over a longer period.

Vice-president of the foreign investment business sector division of Citibank China, Ms Fung cannot look forward to early relief. But China, where every day seems to bring new economic reforms and improved access to foreigners, is the market every bank wants to win a share of.

Citibank underlined its commitment to the market last August, when it moved its country headquarters – plus personnel – to Shanghai from Hong Kong. It is just one of the international players forging a role for itself in China, even though the big business – local yuan business – is still closed to foreign banks. Overseas institutions can only deal with ventures which are at least 25 per cent foreign-owned.

"Undoubtedly what we want is the renminbi [China's national currency] business," says Mr Anthony Russell, managing director of Hongkong Bank China Services, "and we have got one hand tied behind our back until that happens. How quickly will we be allowed to build it up? That's the long-term objective of the foreign banks."

Instead, trade and project financing form much of the bread-and-butter work. China, as an emerging country on a grand scale, has a full quota of property and infrastructural development projects under way, many of them at an early stage. These projects carry no security for their financiers – be it a charge on the property underpinning the project or on cash flows – and banks are forced to scrutinise the guarantors behind the project, usually a Chinese bank or state-owned investment arm.

There is tentative talk of a national mortgage law, but at this stage laws are either untried or at a rudimentary stage.

Credit analysis is further frustrated by the fact that disclosure of information by companies to creditors is sketchy.

"Being banks we are in a risk-taking business, but we need to know what kind of risk we are taking. This is one of the major problems," says Ms Fung, while Mr Russell dubs it "much more hairy" than assessing more familiar borrowers' credentials.

Mr Tony Nicolle, general manager for Hong Kong and China at Standard Chartered Bank – Hong Kong's second note-issuing bank – says processing trade finance paper on behalf of Chinese export companies dominates the day-to-day work of the branch network in China, along with foreign lending. The group will have 14 branch and representative offices by March.

On top of corporate banking, full service houses such as Citibank, Standard Chartered and Hongkong Bank are able to tap into the securities market via specially designated shares available to foreigners.

Overseas bankers reckon Beijing's long-awaited move last Saturday to unify exchange rates by scrapping the official rate clears the way for the authorities to grant overseas institutions the right to conduct yuan business.

"The jungle drums suggest that some breakthrough will come this year," says Mr Russell. "The People's Bank of China [the central bank] has been saying for a while that there are two obstacles.

"One is the different rates of exchange – the official rate and the swap centre rate. The other is the differential in taxation between foreign banks and the domestic banks. The domestic banks complain of an unlevel playing field because they pay twice as much tax."

Mr Russell says the ministry of finance has introduced regulations that will enable the domestic banks to have a similar tax structure. "So these two big problems are being removed."

However, dismantling the fundamental obstacles still leaves a host of technical issues. Not the least of these, from the Chinese authorities' viewpoint, is how they will manage to retain control over money supply when foreign entrants, operating on a different basis from the local banks which can be held in check, enter the picture.

Yet to be decreed are how foreign banks can procure the yuan they lend and, supposing they are allowed to receive yuan deposits, how they prepare for alternative sources if deposits are withdrawn; what liquidity requirements will look like; and what – if any – discount window facility will be employed.

Banks with a strong presence across the border in Hong Kong see themselves at an advantage to other international competitors. The colony plays a pivotal role in dealings with mainland China, especially in terms of trade and capital raising, and allows the bank to establish strong links with overseas Chinese, who dominate direct investment and trade in China.

So far, with the exception of the Jardine group, which was singled out for a harshly-worded verbal attack by Beijing, business has not been dragged into the political conflict that is raging over the future of the colony and its transitional arrangements for return to China in 1997.

"We are businessmen and have sought scrupulously to avoid being in political difficulties that have arisen between Britain and China," says Mr Nicolle.

"As a prominent bank in Hong Kong we are committed to promoting the stability and prosperity of Hong Kong just as much as the British and Chinese governments are and we hope we can go forward knowing it is in all our interests not to get business and politics mixed up."

Mr Chris Patten, governor of Hong Kong, is likely to introduce the more controversial elements of his democracy reform proposals to the Legislative Council in March, according to the government radio, Louise Lucas reports. Beijing has already reacted strongly to the tabling of the so-called non-controversial elements, which include lowering the voting age to 18 from 21, and says it will dismantle all elected bodies upon regaining sovereignty.

Israel hit by interest rate policy row

By Julian Ozanne in Jerusalem

Israel's central bank and finance ministry were at loggerheads yesterday over interest rate policy – a row that has become a public war of words.

The argument between Israel's two main economic policy-making bodies focuses on interest rates and inflation and their impact on economic growth after the Bank of Israel asserted its independence and raised interest rates without consulting the ministry.

Mr Aharon Foegel, finance ministry director-general, accused the bank of jeopardising economic growth and subverting the government's political goals. The bank labelled the ministry's objections a "policy of chatter whose sole contribution is to shake economic stability".

A central bank official said the bank had decided to raise interest rates to commercial banks last week by 0.8 per cent from 9.7 to 10.5 per cent, to curb rising inflation. Commercial banks followed suit, increasing the prime lending rate from 11 to 11.8 per cent. According to preliminary estimates, inflation last year was 11.5 per cent against the government's target of 10 per cent. The central bank felt this year's target of 8 per cent would be unobtainable unless interest rates were increased.

"The greatest contribution the Bank of Israel can make now is by instilling an environment of stability and sticking to the inflation target; we are in a comfortable position to stick to our guns, because output has been growing dramatically and there is no better environment to take another bite at inflation," Mr Jacob Frenkel, governor of the Bank of Israel, told the Financial Times yesterday.

Mr Foegel said the central bank's move threatened the government growth target of 6 per cent this year; higher interest rates would fuel inflationary pressures and harm the economy's leading industrial growth sectors. Last year's inflation rate was largely due to housing prices which rose 20 per cent. The only way to curb inflation was to attack housing prices by a series of measures to increase the supply of private land, low-cost housing finance and tax incentives in the housing sector.

"We should create a monetary policy which suits the economic goals set by the government...the central bank must be co-ordinated with the government's political goals and with those in charge of them," Mr Foegel declared.

Mr Frenkel yesterday rejected Mr Foegel's criticisms. He said the bank had exclusive control over monetary policy and it was an asset to "maintain the strongest independence of the central bank."

Mr Gideon Schurr, central bank spokesman, said the central bank did not fundamentally disagree with Mr Foegel's analysis of the reasons for high inflation but until the government moved to lower housing prices, the Bank of Israel would maintain its current interest rate policy. "The finance ministry is not acting quickly enough by giving or selling more land to the market. Once we are back on target for an inflation rate of 8 per cent, of course we will reduce interest rates again."

NEWS IN BRIEF

Man dies in clash at Bhutto home

Police yesterday fired on supporters of Pakistan prime minister Ms Benazir Bhutto's jailed brother who were demonstrating outside her family home in the city of Larkana, writes **Farhan Bokhari in Islamabad.**

One man died and seven were injured.

The incident was the worst in the family tussle between Ms Bhutto and her estranged brother, Murtaza, who is in prison on charges of sponsoring anti-government terrorism during his 16 years of exile.

Mrs Nusrat Bhutto, their mother, was among the demonstrators when riot police armed with teargas and assault rifles, opened fire to stop the activists reaching the grave of her husband, Mr Zulfikar Ali Bhutto, the former prime minister hanged in 1979. Mr Murtaza Bhutto's supporters had vowed to stop Ms Benazir Bhutto from reaching the site and offering prayers, because they consider her brother to be the true heir to the family's legacy.

UN staff flee Afghan fighting

The United Nations tried to evacuate most of its staff from the northern Afghanistan city of Mazar-i-Sharif yesterday, as looters robbed its storehouses and offices amid worsening fighting, **Steve LeVine reports from Tashkent.**

The fighting imperilled 18,000 refugees from the ex-Soviet republic of Tajikistan, living in a UN camp near Mazar-i-Sharif.

In the most widespread fighting in Afghanistan since the Moscow-backed government fell in April 1992 the violence in Mazar-i-Sharif was an extension of heated battles going on in the capital, Kabul. The fighting has been the worst threat faced by the Afghan president, Mr Berhanuddin Rabbani, a Tajik, in more than a year of rocket attacks on Kabul by ethnic rivals.

Australian trade gap optimism

Australia's current account deficit for the financial year to June will be lower than the official forecast of A$18bn (£8.25bn) in the budget, the treasurer, Mr Ralph Willis, said yesterday, **Bruce Jacques reports from Sydney.**

His comment follows figures from the Australian Bureau of Statistics yesterday showing the current account deficit for November fell from a revised and seasonally-adjusted A$1.286bn to A$1.162bn.

An Australian firefighter tackles burning undergrowth in an attempt to bring under control the worst bush fires in 15 years. Three people have died in the fires, in New South Wales, about 500km north of Sydney Associated Press

Peace talks close to compromise

By Julian Ozanne

Israel and the Palestine Liberation Organisation edged towards a compromise formula for resuming peace talks yesterday but Mr Yitzhak Rabin, Israeli prime minister, ruled out a meeting this week.

Although both sides spoke optimistically of resuming talks next week, it is unlikely that the two sides can reach agreement on implementing Palestinian self-rule in the Gaza strip and West Bank area of Jericho before the end of the month.

Fears for the peace accord rose this week as Mr Binyamin Netanyahu, leader of the opposition right-wing Likud party, said he would not honour the agreement if his party was elected to power because he considered the PLO to have reneged on its commitments under the accord.

Mr Netanyahu's statement, which reversed an earlier commitment by Likud to stand by the agreement, was intended to encourage opposition to the peace accord and increase pressure on Mr Rabin to open a dialogue with Likud.

After an intense series of contacts by telephone and fax and a last minute minor compromise by Jerusalem on the issue of borders, PLO and Israeli officials said they were prepared to restart negotiations in the Egyptian Red Sea resort of Taba next week.

However Mr Rabin said a final decision would only be taken today once Israel was certain the PLO had accepted the rules and limits of negotiations.

Israeli officials said resumption of the talks was possible after the PLO dropped several demands intended to increase the symbolic sovereignty of Palestinian self-rule and after Israel agreed to meet one PLO demand for the presence of Palestinian flags and policemen at the Jordanian-West Bank border.

Meanwhile, PLO officials held talks with King Hussein of Jordan yesterday in what Jordanian officials described as a "last chance" to define future Palestinian-Jordanian relations and co-ordinate strategy for peace talks.

Peres' vision, features pages

Lebanon's biggest stock offering aims to raise $650m from Arab investors

Beirut rebuilding shares 'oversubscribed'

By Mark Nicholson in Cairo

Lebanon's biggest share launch – to establish Solidere, the company which will rebuild war-torn central Beirut – will be oversubscribed, the company and bankers handling the offering said yesterday.

The offer, designed to raise $650m towards the costs of rebuilding Beirut, has been open to Lebanese and other Arab investors since November and closes on January 10.

Mr Nasr al-Shamaa, secretary general of Solidere's founding board, said: "We will have a successful subscription, it will be oversubscribed."

The offer represents 35 per cent of the founding capital of Solidere, which is expected to begin putting out to tender the main contracts for the first phase of central Beirut's reconstruction within weeks. The remaining capital comprises shares granted to landowners in the Lebanese capital in exchange for title to their property, which Solidere will develop.

Neither Solidere nor bankers handling the share offer will say how far the offer is oversubscribed, though company officials have hinted that subscriptions may reach $1bn. Bankers said they expected a late rush for the $100 shares this week.

A successful offering would represent the largest injection of private, and expatriate capital into the Lebanese government's ambitious reconstruction schemes and would offer a substantial vote of confidence in the government of Mr Rafik Hariri, the country's businessman-turned-prime minister.

However, the offer is not unanimously popular, and Sheikh Mohammed Hussein Fadlallah, spiritual leader of the pro-Iranian Hizbollah, last week decreed a ban on the purchase of Solidere shares. He said property owners in central Beirut had been compelled to give up their flats, shops and houses, an act which he said Islam considered a sin.

Final allocations of the shares will not be known for up to 10 days after the offer closes. Priority will be given to Lebanese property owners in Beirut, Lebanese nationals living in the country, government agencies, Lebanese expatriates and, finally, Arabs elsewhere. Paribas, in London, and Saudi American Bank, in Riyadh, have both reported healthy demand for placements with Gulf Arabs and Lebanese expatriates.

Non-Lebanese institutions are not allowed to buy shares and no individual holding can exceed 10 per cent. Al-Anwar, the Lebanese newspaper, reported on Tuesday that Mr Hariri had subscribed for the maximum permissible stake.

A secondary market in Solidere shares is expected to open by February, forming a basis upon which the government hopes to rebuild Beirut's bourse. Stock market officials believe a skeletal stock market could be operating within eight months. The original market was closed in 1983, during Lebanon's 17-year civil war.

Japanese car sales reach five-year low point

By William Dawkins in Tokyo

Japanese car sales hit a five-year low in 1993 but could show a weak recovery at the end of this year, the Japan Automobile Dealers' Association said yesterday.

Mr Yutaka Kume, chairman of Nissan, warned that demand was so weak that producers would have to make "strenuous efforts" to curb costs this year.

Japan's 11 motor groups recorded an 8.4 per cent fall in unit sales last year, to 4.88m vehicles, the third consecutive year of decline, said the association.

Nissan became the first Japanese carmaker since the war to close a factory and discounting is becoming common as dealers attempt to attract cautious customers.

Association officials believe sales could revive slightly, to more than 5m this year, assuming that the government's economic packages and expected tax cuts succeed in stimulating demand.

Mr Tatsuro Toyoda, chairman of Toyota, Japan's largest carmaker, recently predicted that the Japanese market might expand to 5.1m units this year.

Among the top producers, Toyota's sales fell by 7.7 per cent, while Nissan was down by 8.4 per cent. Mazda was worst hit with a 16.8 per cent decline, and Honda's sales fell 14.9 per cent.

Exports fell for the eighth year running, partly due to the yen's strength, but also as a result of the general shift of production out of Japan to countries with lower production costs.

Nissan's Mr Kume predicted that exports would fall again this year, within which there would be a steady rise in Japanese car sales to fast-growing Asian markets.

Cambodian offensive planned

Government troops face the Khmer Rouge yesterday Reuter

By Iain Simpson in Phnom Penh

Senior Cambodian generals say they are preparing their forces for an offensive against the Khmer Rouge but they concede their intention is a propaganda victory rather than a military one.

At least 20 soldiers have been killed and 60 injured in sporadic clashes between government and Khmer Rouge forces in western Cambodia since New Year's Day, but it is not clear what strategic gains, if any, have been made by either side.

Diplomats in Phnom Penh believe the government is eager to hold peace talks with the Khmer Rouge but say the national army wants to show it is ready to fight if necessary.

Progress towards talks between the two sides has been painfully slow, held up at every step by haggling over conditions. The Khmer Rouge has said it will only hold talks with no pre-conditions. This has in turn become a serious stumbling block because the government wants to see a clear commitment to a ceasefire before it is willing to negotiate.

Informal contacts have already taken place, notably on December 17 when the senior prime minister, Prince Norodom Ranariddh, met the nominal leader of the Khmer Rouge, Khieu Samphan. However, Prince Ranariddh and his officials have since been eager to point out that these were "just talks, not negotiations".

As if to prove the point, a week after the meeting, government forces launched what senior generals have been calling a "Christmas offensive". So far there has been no sign of large-scale fighting, only skirmishes.

This is the time of year when fighting has traditionally started in Cambodia's long civil war. The beginning of the dry season brings relief for both sides from the muddy roads and impassable terrain of the monsoon rains. The government side, which has a collection of ancient tanks and armoured personnel carriers, is able to use them, as well as moving its heavy artillery into position.

According to one general in western Cambodia, the order to launch the Christmas offensive was accompanied by a warning that this was designed to "put pressure on the DK [Khmer Rouge] for talks, not to ensure a military victory". In any case, he said, the government side was so short of arms and ammunition it could not sustain a big offensive for more than a few days at a time.

Risk-taking wins a cheer at Eximbank

By Nancy Dunne in Washington

Mr Kenneth Brody, chairman of the US Export-Import Bank, after his first year in office, is demonstrating that risk-takers from Wall Street can settle comfortably in the orbit of the "pro-active" Clinton White House.

A chief player in the development of the administration's aggressive export promotion strategy, former investment banker is now focusing on Eximbank's role within that policy.

Where the agency can make a difference, he has concluded, is on ventures which businesses cannot afford themselves and which commercial banks will not touch without US government backing.

Many of these risks will be directed towards the former Soviet Union, where Eximbank recently concluded a long-awaited $2bn (£1.35bn) Oil and Gas Framework to boost rehabilitation of existing production facilities.

To supplement the pact, Mr Brody and his counterparts signed a Project Incentive Agreement to provide financing for new energy projects as well as loans in sectors such as mining and forest products.

Brody: guiding export strategy

Not deterred by the recent Russian election results, Mr Brody, in fact, looks on the bright side. That President Boris Yeltsin did not sack his reformers or halt privatisation efforts is deemed "interesting" and, in any case, designing "appropriate safety nets" for Russians caught up in the transition to a market economy is considered desirable.

Eximbank this year has no loan limit and Congress has authorised almost $1bn – including $300m for the former Soviet republics – to pay the costs of financing. This means the bank could leverage up to $18bn for guarantees, insurance and direct loans. But the chairman seems less concerned by the quantity of loans than the challenge of designing loans for shrewd deals which others might sidestep.

He is boosting project finance, exports of environmental goods and services and small business exports. He has established a special group for aircraft finance.

Much effort is going in a shift on customer services. Preliminary financing commitments, which once took an average of six weeks to issue, are turning around more swiftly; half the applicants are getting answers in 7½ days.

Eximbank has $150m this year to counter the tied aid deals – mingling commercial credits with government aid – offered by US competitors. Just a few have been offered so far (including one "substantial" deal for China), but last year the use of tied aid fell dramatically – from $15bn in 1991 to $6bn. Mr Brody expects to compete aggressively in the world's emerging markets, where the greatest growth is expected. He envisions more tied aid activity, project finance and substantially more product activity in China.

Malaysia purchase for Laing

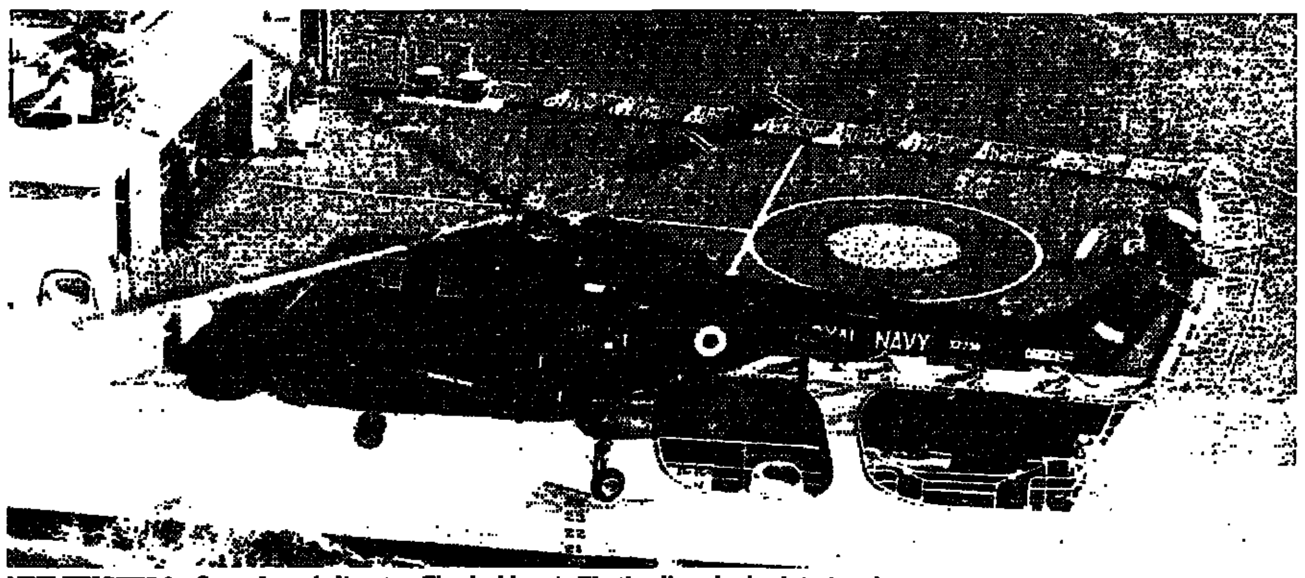
By Andrew Taylor, Construction Correspondent

John Laing, the UK construction group, has acquired a 5 per cent stake in YTL Power Generation, which has been contracted to build and operate two privately financed power stations in Malaysia where it is based.

International construction companies increasingly are acquiring stakes in ventures involved in private infrastructure projects to increase their share of this work.

Laing, which has been appointed project manager for building and civil engineering works of two gas turbine combined cycle power stations at Pasir Gudang and Paka, is paying M$45m (£12m) for 5 per cent of the ordinary and redeemable preference shares of YTL. The construction contract to Laing is worth just M$17m. Laing said its decision was "a further step in the group's strategy of increasing involvement in private infrastructure projects worldwide."

The two power stations, costing a combined M$3.5bn, are due to be completed next year. The first dividends are expected to be paid to shareholders in 1997.



NEW HEIGHTS for Super Lynx helicopter. The deal boosts Westland's order book to £1.55bn

£150m Brazil deal for Westland

By David White, Defence Correspondent

Westland, the UK helicopter manufacturer, has clinched a £150m order from the Brazilian navy after protracted contract discussions and strong French and US competition.

Mr Alan Jones, Westland's chief executive, said the contract for nine Super Lynx helicopters was the result of more than four years of effort.

The deal includes refurbishment and updating of the Brazilian navy's five existing Lynx helicopters. Other contenders for the contract were the Franco-German Eurocopter joint venture and Kaman of the US.

Together with a recent contract with Norway to supply two Sea King search-and-rescue helicopters, the order helps to compensate Westland for the loss of £400m worth of work on naval helicopters for Canada. The new Canadian government announced in November it was cancelling plans to buy 43 Anglo-Italian EH101 helicopters worth £2.4bn.

The EH101, on which Westland's future is largely pinned, is now on order only for the UK. Italy is expected to place a production contract in the next few months.

Westland's order book stands at about £1.55bn following the Brazilian deal. Production of the helicopters is to start this year, helping to fill spare capacity before EH101 production work builds up in 1996.

The twin-engine Lynx, developed more than 20 years ago under an Anglo-French collaborative programme, remains a strong export prospect for the UK company.

Brazil is the third customer for the upgraded Super Lynx version, already in service in South Korea and Portugal. Mr Jones said further Lynx sales were under discussion in the Far East and the Middle East.

Helicopter sales are among prospective deals which Mr Malcolm Rifkind, UK defence secretary, is due to discuss during a tour of the Gulf region this week. Mr Rifkind will visit Oman, Bahrain, Kuwait and Saudi Arabia.

Japan shies from east Europe trade

By Emiko Terazono in Tokyo

Japan's leading trading houses, discouraged by lower than expected investments and business chances, are reviewing their operations in eastern Europe.

Initially, its trading companies rushed to set up offices in the region, following the fall of the Berlin Wall in 1989 and the eastern bloc's communist regimes. However, investment in the reconstruction of Europe by Japanese companies has remained inactive, as Japan's economy has deteriorated over the past two years.

Treuhand, the German privatisation agency, was forced to closed its Tokyo office last year, due to the reluctance of Japanese companies to invest in former East German companies.

Mitsubishi, the largest trading house, closed down its representative office in Bucharest last October, assigning its Vienna office to look after business in Romania. Nissho Iwai, which currently has seven offices in east European cities, said it would gradually reduce the number of its operations during the year.

The traders' sluggish business has been caused by a fall in imports due to the diminishing purchasing power of local governments as foreign currency reserves have fallen.

"There are far less joint ventures with western countries than we initially anticipated, and business conditions seemed to have worsened since there is no aid from Russia," said Nissho Iwai.

Meanwhile, Itochu said it was still seeing strong growth in Hungary and the former Czechoslovakia.

However the company said it would have to start reviewing other East European operations if the current economic environment in the region continued.

Asia to be focus for investment

Strong yen spurs shift to offshore production, writes **David Dodwell**

Strong Japanese interest in investing in China, south-east Asia and the fast-growing Asian "tiger" economies is forecast to revive the country's foreign investment flows by 1995, according to a survey by Japan's Export-Import Bank.

The revival is being driven by companies in the electronics, chemicals and motor vehicle sectors, the survey reveals. The strong yen, which has raised the cost of domestic production, has spurred many companies to make plans to shift production off-shore.

The survey, conducted by Jexim's Research Institute of Overseas Investment, covered over 330 companies. It showed that foreign direct investment in the manufacturing sector had fallen sharply since recession struck in 1990 and was likely to continue falling this year before turning up in 1995.

Actual foreign direct investment by the 222 companies giving full details for 1992 and 1993 showed a 25 per cent fall, from an aggregate of Y985bn to Y736bn. Jexim predicts a more modest 6.4 per cent fall in 1994 based on estimates received in its latest survey companies.

For the first time in five years, the survey revealed an increase in the number of companies admitting they have plans to invest overseas during the coming three years. From 1989, when almost 84 per cent of companies had such plans, the "bursting of the bubble economy" swept this total down to 54 per cent.

In the latest survey, just over 59 per cent of companies said they had medium-term foreign investment plans.

While the recovery in foreign investment brings Japan nowhere near the boom years of the second half of the 1980s, Jexim points to different reasons for the revival – and different target destinations, mainly in Asia.

Most striking of all is the focus on China. Almost 92 per cent of companies have plans to invest in China over the next three years.

A total of 150 Japanese companies named China in their top five investment destinations, compared with just 65 for the US, 63 for Indonesia, 51 for Vietnam, and 49 for Thailand. Just 18 companies named the UK and Germany in their top five destinations.

The main force behind this renewed strength appears to be the positive investment intentions of companies in the vehicle and electric/electronic industries in such countries as China, Korea, Taiwan, Hong Kong and the Asean countries. The survey says: "Their motives are to seize export bases for their products to be sold in foreign markets including Japan – undoubtedly spurred by the abrupt appreciation of the yen in the first half of 1993."

More than 70 per cent of companies in the electrical machinery sector now plan to raise foreign investment, compared with just 36 per cent a year earlier. Over 73 per cent of motor manufacturers have similar plans, compared with 52 per cent at the end of 1992.

By contrast, none of Japan's big five iron and steel manufacturers have medium-term foreign investment plans – a clear reflection of chronic global oversupply.

"Investment to advanced countries is suffering the dampening effects of the declines in sales and profits, as well as the acute cost increases of parts imported from Japan," says the survey.

"Companies may well have to adopt short- to mid-term investment programmes to expand sales bases and increase local content."

* *The Outlook of Japanese Foreign Direct Investment: Exim Japan 1993 survey.*

Private sector to double motorway stations

By Charles Batchelor, Transport Correspondent

Proposals for up to a further 24 motorway service areas to be financed and built by the private sector are due to be announced by the Department of Transport today.

If all the new service areas win planning permission and are built they will represent a 50 per cent increase on the present network of 53 service areas.

They would fill many of the lengthy gaps which have been criticised by motorists and motoring organisations.

The service areas represent the first wave to win approval by the department following a government decision in August 1992 to remove controls on ownership. Previously companies in the catering and petrol station sectors were obliged to lease sites from the government.

The new regime reduces the minimum distance between service areas from 30 miles to 15 miles and, it is hoped, will lead to a speeding up of the development of new sites. In the past new motorways have opened without any service areas.

With sites costing around £5m to develop depending on the position and the ground conditions companies such as Granada and Forte, the two leading operators, can expect to spend at least £100m on developing the new sites.

The Automobile Association said it welcomed throwing open the system of motorway service areas to private developers. "Additional service areas will give tired drivers more opportunities to take a break, reducing the risk of accidents," it commented.

However it warned against a "mad scramble" for attractive sites, including those where planning permission was easy to obtain, which would still leave gaps in more difficult areas.

At least three of the sites are already under construction including Cherwell Valley, on the M40 near Oxford, which is being built by Granada and is due to open in the spring. Forte is building on sites on the M40 in the Midlands and the M11 near Cambridge.

A further four sites have obtained planning permission. These are at Hapsford on the M56 near Chester, Field Farm on the M4 near Reading, Westenhanger on the M20 near Folkestone and Bowburn on the A1 (M) near Darlington.

Further sites which are being considered include three near Waltham Abbey on the M25, two on the M40 near High Wycombe, and single sites on the M18 near Doncaster, the M6 near Stone and the M4 near Swindon. Where competing sites are close to each other they are unlikely to obtain planning permission.

Adams letter to press for direct talks with London

By David Owen in Belfast

Mr Gerry Adams, president of the Sinn Féin, the political wing of the IRA, is to write to UK prime minister John Major in a bid to press home his calls for direct talks with the British government on last month's Downing Street Declaration.

Serving notice of this intention last night, Mr Adams said the "various interpretations" of the declaration illustrated the need for "full and frank" clarification of the key issues.

Mr Major's "present policy of addressing republicans through the columns of newspapers" was "a childish nonsense and...grossly irresponsible," he said.

Mr Adams's statement overshadowed an increasingly heated war of words between leading politicians in the province over the failure of republican leaders to say definitively whether they will embrace the UK-Irish peace initiative.

The row erupted after Mr James Molyneaux, the Ulster Unionist party leader, made it clear on Tuesday night that he thought the IRA had already effectively rejected the joint declaration and called for tougher security measures against terrorists.

Mr Molyneaux's unexpectedly downbeat remarks were immediately criticised by Mr John Hume, leader of the mainly Roman Catholic Social Democratic and Labour party, and Mr Adams, with the Sinn Fein president describing them as "bellicose."

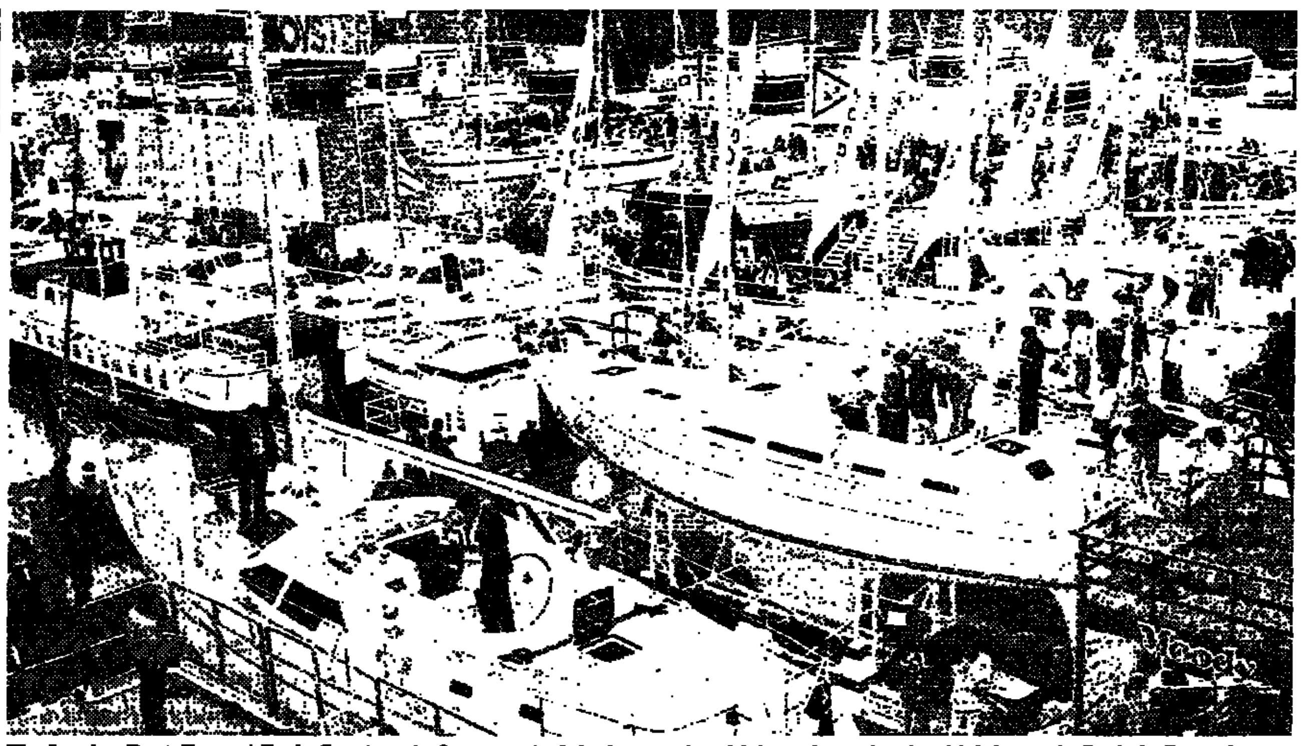
But in Dublin, Mr Dick Spring, the Irish foreign minister, made a point of praising the statesmanship displayed by Mr Molyneaux while urging republican leaders to renounce their 25-year armed struggle.

In a speech to the general council of the Irish Labour party, Mr Spring said: "We must keep sending the message again and again that the causes – or excuses – behind the so-called armed struggle have ceased to have any relevance for anyone on this island."

Reminding Mr Adams of his acceptance last April of a "solemn duty" to change the political climate away from conflict and towards a process of national reconciliation, Mr Spring said the armed struggle would "never persuade, or achieve any form of willing consent."

In yesterday's statement, Mr Adams referred to the British government's "hypocrisy and cynicism" and claimed it was "in reality seeking a public justification for a renewed onslaught on Irish nationalists."

Mr Ken Maginnis, the Ulster Unionist security spokesman, said last night: "One is left to wonder whether this is just posturing by Mr Adams in line with what appears to be a pessimistic attitude emanating from the nationalist community."



The London Boat Show at Earls Court again forms part of the international leisure boat circuit which began in Paris in December

Exports add buoyancy to Boat Show

By Michael Skapinker, Leisure Industries Correspondent

Manufacturers have been arriving at the London Boat Show at the capital's Earls Court complex with the same message for the past three years: trading conditions are dire, but the UK leisure boat industry has survived by seeking out new export markets.

Sunseeker International, the UK's second largest manufacturer, will be showing off its new 63-ft Predator. Sunseeker has so far sold five, at a price of £575,000 each.

One of the buyers was Venezuelan, one Mexican, one Malaysian and two North American. The company is now selling 40 per cent of its output in North America, compared with less than 3 per cent at the beginning of the 1990s.

Despite consumer downturns from the UK to Germany to Australia, the UK boatbuilding industry, the largest in Europe, has largely survived.

The number employed in the industry and associated services such as marinas has fallen to 18,000 from just under 20,000 in 1990.

The Southampton Boat Show last September provided the first indications that UK buyers were returning although two months later the market appeared to die again.

The London show, which brings buyers from around the world, should provide some indication of whether the international market is reviving. It forms part of the international circuit of large boat shows which began in Paris last December and moves on, over the next three months, to Dusseldorf and Miami.

British boat builders have also travelled to the smaller shows in search of orders. When Dubai held its first show last May, UK boatbuilders formed the biggest contingent.

While shipbuilding in the UK has decline, the manufacture of pleasure boats and accessories has survived because it is staffed by enthusiasts.

The industry does suffer from the weakness of other sectors of UK manufacturing. Mr David King, managing director of Marine Projects, the UK's biggest boatmaker, says he has to import his power boat engines from abroad.

Britain in brief

British Steel to close big tube works

British Steel is to close its Bromford works near Birmingham, central England, with the loss of 330 jobs. The closure in April will mean the end of manufacture by the company of large diameter seamless tube.

British Steel said the closure was due to competition from more modern plant and overcapacity worldwide for tube used mainly for power generation and process plant. British Steel still finishes imported large diameter at its Clydesdale plant in Scotland.

New reforms for schools

Vocational education courses will be offered to 14-year-olds, while deep cuts will be made in the national curriculum for younger children, Mr John Patten, the education secretary, announced.

But the moves, which follow sweeping recommendations in Sir Ron Dearing's review of the national curriculum in England and Wales, may not succeed in thwarting continued industrial action by teachers' unions.

Yesterday, he recommended restricting the tests to the "core subjects" of English, mathematics and science, and reducing the proportion of teaching time which must be devoted to the government's prescribed curriculum to around 80 per cent.

Minister goes over affair

Mr John Major, the prime minister, was forced into an unplanned government reshuffle yesterday after Mr Tim Yeo, the environment minister, resigned over an extra-marital affair.

Mr Yeo's job went to Mr Robert Atkins, who moves sideways from the minister of state's job in the Northern Ireland office. Mr Atkins will be replaced by Mr Michael Ancram, the junior Northern Ireland minister, who has co-ordinated talks between the government and Ulster's non-violent political parties. He will retain that responsibility.

Mr Yeo decided to quit after criticism from his constituency association of his affair with a Conservative councillor who bore him a child last year.

UK repays bank credit

The UK's official reserves fell by $674m in December to stand at $42.93bn at the year end, the Treasury announced.

The main reason for the fall was the Treasury's decision to repay the Ecu5bn revolving bank credit arranged in September 1992 to support the pound. The Treasury is using foreign exchange reserves to repay Ecu1.5bn ($1.67bn) of the loan. As $593m was repaid from reserves in December, there will be a further drain on reserves of around $1.1bn in future months.

Manchester bid in for Games

Manchester published its full bid to stage the 2002 Commonwealth Games in competition with rival applications from London and Sheffield. The Commonwealth Games Council for England will choose between the three cities on February 2 to nominate the English bid. London hosted the Games in 1934. Edinburgh – twice – and Cardiff have since staged the games in Britain. New Delhi, Nairobi, Cape Town and a Caribbean city are all likely contenders for 2002, but the 50th anniversary of the Queen's accession is seen as a powerful selling point by all three English hopefuls.

Electricity pool prices fall 1%

Prices in the electricity trading pool in England and Wales fell by about £250,000, or 1 per cent of the £25m total, as a controversial new mechanism aimed at reducing power bills began to have an effect for the first time.

MANAGEMENT: MARKETING AND ADVERTISING

Branded bargains

Neil Buckley on plans for factory outlet centres throughout the UK

As the fuss dies down over the arrival in the UK of warehouse clubs, the US bulk-selling discount format, retailers are waking up to a new threat from the US: factory outlet centres.

After warehouse clubs, these discount centres or malls have been the fastest-growing form of selling in the US over the last decade, with sales reaching $10bn (£6.7bn) last year.

Now, both UK and US developers are planning to build on the success of the first two factory outlet centres in Britain – Hornsea Freeport and Clarks Village. Hornsea Freeport, which opened three years ago in Humberside, attracted 1.4m visitors last year and Clarks Village at Street in Somerset had 1m visitors between opening in August 1993 and the end of the year.

Developers have at least 15 further projects in the pipeline for the UK and then plan to move into continental Europe. These projects will put pressure on traditional retailers, particularly on small independent stores, and expose the clothing sector to the kind of price competition that has developed in the UK grocery industry in the last three years.

Discount factory shops, often situated on factory premises, where manufacturers sell off overmakes, slight seconds, or retailers' returns, are already well-established in the UK. Corporate Intelligence, the retail consultancy, estimates there are at least 1,400.

What developers started doing in the US in the early 1980s, and now want to do throughout the UK, is to group such outlets together in purpose-built malls. Shoppers can then choose from a wide range of branded goods from manufacturers such as Calvin Klein, Nike, Aquascutum or Laura Ashley, at prices up to 50 per cent below conventional retail outlets.

There are almost 300 factory outlet malls in the US, with about another 150 planned. Average size is around 150,000 sq ft, but some are more than 1.5m sq ft - as big as the largest UK out-of-town shopping centres. Forecasters expect total turnover to double to $20bn by the end of the decade.

The centres offer advantages to both manufacturers and consumers. Shoppers have the chance to buy branded goods they otherwise might not be able to afford. They can also turn a shopping trip into a day out, as factory outlet centres are designed as "destination" shopping venues, offering facilities such as playgrounds and restaurants.

Manufacturers enjoy the ability to sell surplus stock at a profit, and in a controlled way that does not damage the brand. Traditionally, surplus stock has been sold into the discount wholesale and retail trade,


Berkeley Commons factory outlet centre, Williamsburg, Virginia

which can include market stalls, where manufacturers do not control their brand image.

"Initially, profit was not the driving factor, it was turning distressed stock into cash," says Paul Knight, retail and factory outlet development manager at shoe manufacturer C & J Clark, which operates Clarks Village.

"But in the US people have realised these malls are not just means of disposing of stock, they are successful profit centres in their own right," says Knight.

US manufacturers have turned factory shops into a powerful marketing tool. Some companies use them to test-market products before launching them in high street stores.

The outlets can also be used to sell current lines – for example, avant-garde designs, that have not caught on in the mainstream retail market.

But opinions are divided on how successful the format is likely to be in the UK. Robert Clark, director of Corporate Intelligence, says there could be scope for up to 50 outlet centres, with annual sales of £1bn.

"We reckon they will prove very popular indeed. There is a thirst for that kind of retailing, and a realisation that these places not only offer good value but a good day out."

Others are more cautious. Richard Ashworth, partner specialising in out of town retailing at Hillier Parker, the commercial property agents, says there may be scope for fewer than 30. "The UK is not big enough for them to proliferate," he says.

US operators have built most factory outlet malls an hour or more's drive from the nearest large city. In the smaller, more densely-populated countries of Europe, few such sites exist.

Another potential problem is opposition from retailers unhappy at seeing their prices undercut by manufacturers selling directly to the public. So far, there has been little opposition from US retailers to the centres, partly because they have been sited well away from cities. McArthur/Glen, one of the biggest US factory outlet operators, says it is sensitive to high street retailers, and does not, for example, use specific brand names in advertisements for its centres.

But European retailers may defend their markets more aggressively. Costco, the US warehouse club operator, had to go to the High Court last year to fend off a joint legal challenge from the UK's three biggest supermarket chains Sainsbury, Safeway and Tesco, aimed at overturning planning permission for its first warehouse club in Britain.

Both the size of the market, and opposition from retailers, may depend on who factory outlet centres appeal to. In the US, where brand-buying is well established and designer labels sought after, factory centres have a broad appeal. In the UK, where retailers such as Marks and Spencer offer quality own-label alternatives more cheaply, it is less clear who the centres' target audience will be.

Knight says research at the Clarks Village suggested it appealed to "brand-conscious, aspirational people. Those who didn't aspire to brands were the ones who went away disappointed," he says. "They were looking for 'cheap', but we are not 'cheap'."

But while factory outlet centres do not sell "cheap" goods, and their share of the UK market could be limited, they are still expected to have a significant impact on UK retailing. Only 10 per cent of clothing in the UK is sold through discount outlets, compared with almost 50 per cent in the US, and factory centres are likely to narrow the gap.

By establishing new lower price "floors" for branded goods they will further increase price competition among retailers, and help turn the 1990s into what retailers are already calling the "value" decade.

Factory shopping centres in the UK

Hornsea Freeport: Operated successfully by Peter Black Holdings for three years.

C&J Clark: Opened centre at Street, Somerset, last year. Opening another in Cumbria and seeking site for a third.

Prime Richardson Tarmac. Consortium of US and UK developers and UK construction company. Plans three centres in Wiltshire, Birmingham and Derbyshire.

BAA, McArthur/Glen: Joint venture between privatised UK airports operator and US outlet centre operator. Plans six centres. Seeking sites in continental Europe.

Value Retail. Consortium of SD Malkin properties and Chelsea Group of the US, and Argent Group and London Metropolitan of the UK. First centre at Bicester, Oxfordshire, due to open this year. Plans up to 10 on motorway corridors.

Guinea Holdings: Complex at Hartlepool due to open in August. Also plans a centre at Kinross, near Perth.

Tobacco Dock: Former jewellery retailer Gerald Ratner is advising a consortium developing a 75-shop centre in London's Docklands.

Factory Outlet Shopping Centres: Pilot centre opened in York last year. Plans 10 to 12 around UK.

Lucy Kellaway on how Kenwood staff became image ambassadors in an advertising campaign

The personnel touch

The picture shows a pretty female athlete sitting on the ground looking sweaty and disappointed. Another shows a middle-aged Japanese man perched on a bar stool playing flamenco guitar. A third is of a young Spaniard scrambling up a rock face.

These images are not designed to sell running shoes, music lessons, or stamina building breakfast cereals. Instead they are advertisements for Kenwood, the Japanese manufacturer of HiFi, car radio and communications equipment.

Kenwood is not the first company to attempt to build its brand through advertisements that have nothing to do with the product it is trying to sell. Indeed, since Benetton started selling sweaters using pictures of newborn babies and men dying of Aids, there have been no limits on possible subject matters for copywriters.

However, the Kenwood campaign presents a departure from the norm: it is among the first to try to create a brand image based on its staff. And stranger still, the images do not concern what its staff do when they are at work, but what they do in their spare time.

The picture of the runner bears the caption: "Tina Shanur. Order clerk, parts department, Kenwood USA. 10km runner. Personal best, 57 minutes 26 seconds. Today, 59.15. Damn, damn, damn."

The message is that these people are committed to whatever they do, they are individuals in their own right, they are strivers and they work for a company that encourages them.

Most companies will trot out the cliché about their people being their most valuable asset. But until now this idea has been used mainly for talking to employees or to shareholders. Kenwood is taking it one step further by putting its people at the heart of its sales thrust to the consumer.

Kenwood recognised that building a brand for electronic products is not easy. Shared technology means there is little difference between the products. Successful advertising must convince people that the brand is suited to their personality. It must create some kind of an emotional link between the brand and the way people feel.


Kenwood is trying to create a brand image based on its staff

Kenwood gave the agency, Oxfordshire-based Watts Lord, the task of developing a character for the brand that would achieve this. "We did not want something heavy, or something that would say 'we are wonderful'," says Bob Griffiths, the company's sales and marketing director.

The agency hit upon the idea of finding employees at all levels who could become "ambassadors for the brand".

In order to find these ambassadors the company wrote to its branches all round the world for suitable candidates. "These people are not superheros. But they all show personal commitment in fields outside the company", says Ken Buckfield, managing director of Watts Lord.

The agency now has a fat file of employees who deliver meals on wheels, ride horses, restore antique cars, or sail yachts – any of whom could feature in future advertisements.

"We are trying to develop a personality for our products. We are not just a consumer electronics company, we are more like a family," says Bob Griffiths, sales and marketing director of Kenwood UK.

This is brand advertisment of a pretty risky kind. After all, most people have hobbies, and in any organisation it should be possible to find employees who pursue them seriously: indeed, cynics might argue that the more boring the job and badly treated the employee, the more employees will throw themselves into their outside interests.

"You get the message these advertisments are about people, but they are too intangible. I don't really get the connection," says Mac Cato, of Desgrippes Cato Gobe, the image consultancy.

But even if people get the message that Kenwood employees are a family of special individuals, will that really make them more likely to buy the product? "If people can relate to the brand, then they'll put it on the shopping list," says Griffiths.

So far, says the company, the advertisments have gone down well. Consumers apparently like the look of the pictures so much that they have written in asking for copies to hang on their walls.

Rio Takegawa, the guitar player has had invitations to perform a recital. Tina Shanur has been offered modelling work. And Jordi Puyal, the handsome rock climber, has received solicitations from several European women.

Maybe this proves the advertisements have made their mark. Or maybe it shows that people are so literal-minded that when they look at the pictures they think it is the services of the people themselves that are for sale.

TECHNOLOGY

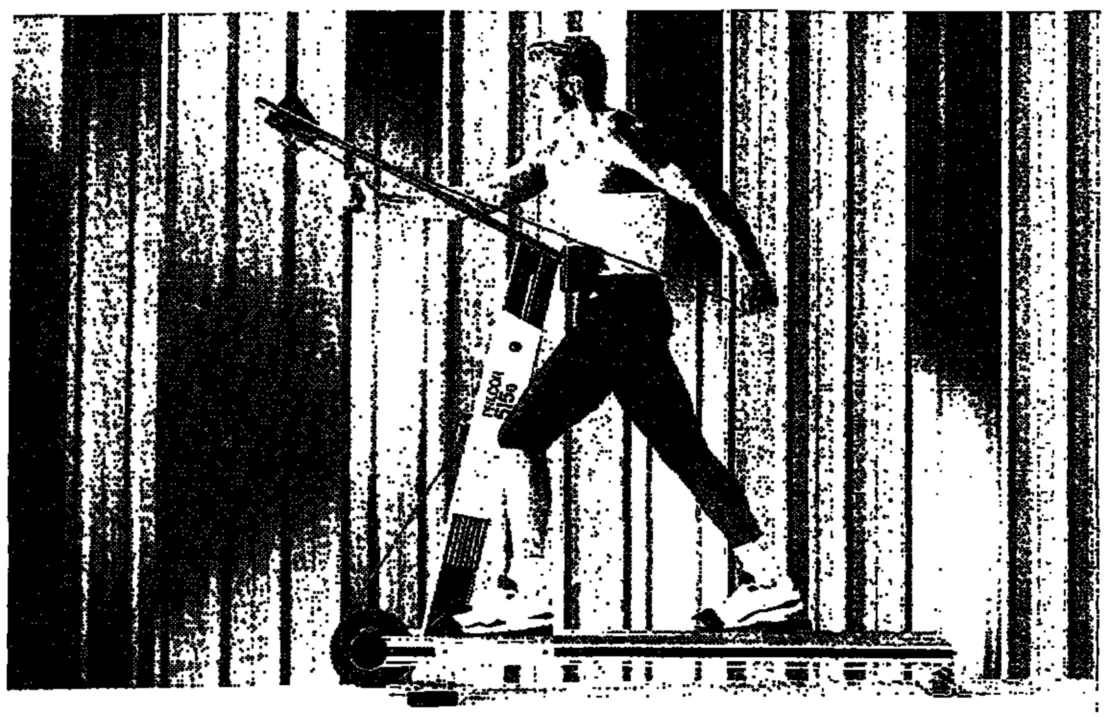
As the festive season fades, do you fancy skiing in your front room? Or would you prefer rowing, cycling, skating, or some straightforward sit-ups?

If you have just bought some home exercise equipment as a seasonal present – perhaps for yourself – you have joined the growing army of the health-conscious. A new report from Mintel, the market research company, says that between 4m and 5m people in the UK do some sort of exercise at home, and last year spent £112m on health and fitness equipment for their own use.

The most popular items of exercise equipment, with a third of the market by value, are exercise bicycles. Next, with 25 per cent of sales, is weight-training equipment, followed by rowing machines and "multigyms" – single pieces of equipment which the user can manipulate to exercise different sets of muscles independently – each with 14 per cent.

Languishing well behind are step items; these cover both the "stair-climbing" products, heavily advertised on television, that reproduce the movement of climbing stairs, and the aerobic exerciser consisting of a simple polyurethane step about a metre wide and 25cm high. "Treadmills" (for indoor jogging) bring up the rear with 5 per cent.

Most of these items have been around in some form for years. At present, the overall market is static – a fact that Mintel puts down to consumers' slow emergence from recession. But within it, there are some interesting developments. Exercise bicycles, weight-training and rowing machines have all declined in terms of market share. Instead, "step" items and multigyms have taken their place.



Health-conscious Britons spent a total of £112m last year on health and fitness equipment for their own use

How to get fit in your front room

From microprocessors to polyurethane, **Charles Arthur** looks at trends in home exercise equipment

The link is almost certainly technology, mixed to some extent with the glamour of the new. Most noticeable is the advent of computers. As the cost of microprocessors has fallen rapidly, it has become cheap to add them to any sort of fitness machine to provide an eye-catching promise of more information about how much gain the user is receiving for all that pain.

Nowadays, any machine without a light winking at and chiding the prospective user tends to be passed over. Fahim Baree, manager of the gym equipment department at Lillywhites, the big London sports store, observes that "the computers can time you, tell you your strokes or strides per minute, how many calories you've burnt off so far, how 'far' you've gone, your average speed".

There are also systems which can be programmed so the machine offers different amounts of resistance at different parts of the exercise, mimicking a real route. Indeed, some people seek add-ons, to catalogue their effort in greater detail. "People are becoming more sophisticated. When I started here three years ago, we didn't have heart rate monitors for sale," says Baree. "Now people ask for them, to watch that they're exercising at the right intensity to improve their fitness."

Even so, such measures can only be an average at best; no one burns calories at exactly the same rate. And the "distance gone" – a measure which allows people to row single-handed across the Atlantic, complete the Tour de France or walk up the Empire State Building, while staying in comfortable reach of bed, bathroom and beverages – can only be approximate. Such machines never take into account the variable difficulty, for example, of pulling one machine's "oar" rather than another's, so that one machine's "Olympic" class may be another's run-of-the-treadmill.

Yet the greatest boon to the personal fitness industry in recent years is probably not microprocessors but polyurethane – the tough plastic that has become a staple of so many items, from the seats of exercise machines to the simple "step" currently so popular with the aerobic classes and multigyms advertised on television.

The plastic is strong enough to bear the six months' or so use that is common before the item is consigned, as the majority are, to live the rest of its life beneath the stairs. But it also makes it affordable. For example, mini-multigyms often use plastic loops which have to be stretched to exercise the muscles. Where rubber might give way, plastic can stand up to the strain.

Improvements in plastics technology have produced a couple of intriguing items in the past couple of years. Newly popular at Lillywhites is the "Bodyslide", which consists of a thick, smooth plastic mat about 2.5m long and 1m wide. The user slips on a pair of slick plastic overshoes like galoshes, and then exercises on the mat using a skating action. "Very good for the legs," says Baree. "They tend to sell once people see them being demonstrated." Otherwise, it just looks like an unwelcoming mat.

Similar in motion, if not exactly in use, are "in-line skates", the modern version of the roller skate. But rather than their predecessor's thick wheels on either side of the shoe, in-line skates (one version being the Rollerblade) have thin polypropylene wheels mounted along the centre of the shoe, which itself covers the foot and ankle in a rigid casing like a comfortable ski boot. Once strapped in, you move just like a skater.

Most people soon learn how to reach a comfortable speed, getting useful exercise. (The problem then becomes how to stop; David Wheaton, the American tennis player, once spent an enforced rest after putting his hand through a plate-glass window in trying to halt his progress.)

The skates are already enormously popular in the US, where some people use them to commute, and they have begun filtering into Britain in increasing numbers, where they are being touted as an excellent training for skiing.

For the future, industry observers expect skiing machines, such as those made by US companies Precor and NordicTrack, to become increasingly popular. Like in-line skates, these have also been big sellers in the American market for some years, but are now filtering across the Atlantic (and also from Scandinavia) as the message has spread about the benefits of cross-country skiing, hailed as possibly the best exercise for the whole body.

The popular forms consist of two shoes mounted on separate, sliding tracks, with rods or cables to be held in the hands. As one hand goes forward, so does the opposite foot. It sounds simple, and is, but it is expected to be one of this year's biggest sellers. It works on roughly the same principle as last year's big hit, the stair-climbing system, which uses hydraulic pistons to provide resistance to the pressure of the foot; as one foot goes down it has to push the other up.

But as with all home exercise machines, the big problem is getting a good return on your investment. "You have to be very disciplined," comments Jenny Tarsnane, development officer at the National Association of Health and Exercise Teachers. "If I didn't teach in a gym, I still wouldn't exercise at home. I like going with someone to a class or gym." Indeed, Mintel's survey also shows that people spent £465m solely on membership and entrance fees at private clubs in Britain in 1992 – nearly four times as much as on home equipment.

Tarsnane's advice for the prospective buyer? "Don't be seduced by the hype. Evaluate the amount you're about to spend and if it would be better spent going to a gym. It worries me how people buy equipment and go bananas with it for a while, then hurt themselves and stop, or are left with aches and pains; or feel it's having no effect and give up."

In fact, she says, "If you just want to lose some fat, it might be better just to go for half-hour walks." Then, you can always buy a pedometer to time yourself, measure how far you have walked, estimate the number of calories burnt, and your pace per minute.

Andrew Fisher considers the latest developments in Alpine technology

The appliance of ski science

To those who lurch clumsily down Alpine slopes while others glide along with grace and speed, technology might not seem to have much of a role in skiing. Some people simply ski better than others.

But skis, boots, bindings and even ski poles have developed considerably in the past few years. They do not just look better than their predecessors, they perform more effectively and durably for skiers of all skill levels.

Skis are designed to absorb more shock impact, boots to provide comfort as well as support, and bindings to be adjustable for soft, hard or icy surfaces.

These days, says Robbie Young, a UK sales representative with Salomon, the French ski equipment company, people tend to ski longer during the day and on harder surfaces. "Skiing has changed dramatically as a result of artificial snow," he says. Many European resorts have snow machines and those in North America use them early in the season to lay down a deep snow base.

With the range of ski equipment on offer, however, it is easy to become confused. Advanced materials, new methods of manufacturing skis, and the variety of skis and boots – stronger, lighter, and more efficient at transmitting energy from the body to the ski edge – have added the complexities of high technology to Alpine sports.

"Gone are the days of flexing skis from the rack in a shop to discern their finer qualities," writes John Vaitkus, head of the test team of Ellis Brigham, the UK winter sports retailers, in its latest brochure. "I'm afraid most manufacturers' blurb is best described as bull!"

Ellis Brigham tests out the newest equipment every year at Chamonix in France. Most buyers will not be aware of, or care too much about, the latest techniques used by ski makers such as Salomon, Rossignol, Kästle, Fischer or K2. They will pick what suits their pocket and ability, bearing in mind that much equipment will be used only for a week or two each year.

David Whitlow, Ellis Brigham's marketing director, says the company ignores what manufacturers say about their products when it tests them. "We only really buy skis which make skiers smile." Among its recommendations (and those of Snow + Rock, its UK rival), is the monocoque range developed by Salomon.

The monocoque is built as a one-piece shell, the aim being to transmit more energy to the edges, on which most skiing is done. The load-bearing shell is made from epoxy glass or composite material and filled with wood or high-density foam. The part of the ski (the platform) under the boot is designed to absorb shock and give skiers an accurate feel of the snow.

Salomon claims its skis are at least 20 per cent more efficient at transmitting energy to the edges than most other makes. But rivals have also come up with high-tech products.

The 4SV ski made by Rossignol, also French, for expert skiers uses a "double torsion box" structure with an inner layer of kevlar and carbon and an outer casing of reinforced metal fibre strengthened at the sides with Quarztel, a new quartz fibre.

Kästle, an Austrian company, developed its Syncap system with the Formula One motor racing team run by its owner, Italy's Benetton family. The system comprises a hard body shell of fibreglass and epoxy for strength and control and an inner layer of softer visco-elastic material to dampen vibrations. For real speedsters, it mounts a carbon-kevlar reinforced acceleration plate on the back of its top skis to stiffen them and give a "catapult effect" out of the curves.

To reduce weight, Kästle uses a light wood core, fine air channels and synthetic fibres on its lightweight Air Technology skis which it says are some 25 per cent lighter than earlier models. These are for skiers who put elegance and comfort above speed.

PEOPLE

Tate moves to Sorbus Europe

Lee Tate, who was responsible for the launch and development of International Network Services, the UK-based electronic trading pioneer, has been appointed managing director of Sorbus Europe – another of ICL's multinational joint ventures.

Sorbus Europe is a joint venture operation between ICL, the UK-based computer group, and Bell Atlantic Business Systems International of the US and is one of Europe's leading independent computer maintenance and support groups.

Tate, 54, has a high reputation in the IT industry having been managing director of INS since its launch seven years ago. During that time INS increased both its revenues and profits each year operating in the fast expanding field of electronic data interchange which companies use to replace traditional paper-based forms such as orders, invoices and other business-to-business communications.

Tate's move to Sorbus coincides with a reorganisation at INS under which GE Information Services of the US has purchased ICL's 50 per cent shareholding in INS to make it a wholly-owned GEIS subsidiary. The sale of ICL's stake reflects the group's strategy of developing its core businesses.

Tate has been succeeded as managing director of INS by John Thorpe, 44, who was previously director of software at INS and has been a director with the company since it was launched in February 1987.

Under Tate INS is expected to concentrate on developing software for worldwide sales and developing more value-added applications which will enable customers to benefit from GEIS' portfolio of electronic commercial services.

Non-executive directors

■ **John Gardiner** has completed his term at POWERGEN.
■ **John Crabtree** as chairman at RICHARDS GROUP on the retirement of Peter Hodgson.
■ **Nick Chamberlen**, director of Clive Discount, at de MORGAN GROUP and as chairman of its subsidiary WOOLGATE PROPERTY FINANCE.
■ **Lord Cobbold**, former director of financial markets at Hill Samuel and currently md of Gaiacorp and chairman of Lytton Enterprises run from his family home, Knebworth House, at CLOSE BROTHERS.
■ **Andy Lusher**, retired director of Marks & Spencer, at HAMLET GROUP.
■ **David Samworth** has retired from THORNTONS.
■ **Willy Bauer**, chief executive of Wentworth Group Holdings, at MOSIMANN'S.
■ **Robert Johnson**, executive chairman of Farepak, at CITY MERCHANTS HIGH YIELD TRUST.
■ **Tim Hearley** as chairman at The ULTIMATE PERSPECTIVE.
■ **Bruce Ralph**, chief executive of Glynwed International, at EIS GROUP and Sir Norman Wooding, chairman of the British Textile Technology Group, as its chairman on the retirement of chairman Michael Walters; Richard Reed, deputy chairman, is also retiring.
■ **Desmond Watkins**, visiting professor of management at Keble College, Oxford, and a senior adviser to Citibank, at CONTROL RISKS GROUP.
■ **John Toyne** has resigned from TIBBETT & BRITTEN.
■ **Norman Lloyd-Edwards**, a senior partner with Cartwrights Adams & Black and Lord Lieutenant of South Glamorgan, at the Cardiff office of BAIN CLARKSON.
■ **Jean-Marc Cangardel** at QUADRANT.
■ **Howard Ford**, IBM regional director, north west Europe, at PHONELINK.
■ **John Wynn** at STEEL BURRILL JONES GROUP, having retired from executive duties.
■ **Philip Douglas**, a former director of Morgan Grenfell and GT Management, at ALLIANCE RESOURCES.
■ **Louis Sherwood**, chairman of HTV, at ASW HOLDINGS.
■ **Frank Davies**, a director of BTR Nylex, at CANNON STREET INVESTMENTS.
■ **David Newbigging**, former Jardine Matheson chairman and chief executive, as chairman at MARITIME TRANSPORT SERVICES.
■ **Magnus Mowat**, formerly a director of BZW, at RYALUX CARPETS.
■ **John Ansdell**, former finance director of Trafalgar House, at CRESTON.
■ **Gordon Brown** at QBE INTERNATIONAL INSURANCE on stepping down from being chairman and general manager.
■ **Aylmer Lenton** has resigned from SCAPA GROUP.
■ **Tony McCann**, chief executive of Bricom, and Peter Pollock, former group chief executive of ML Holdings, at MENVIER-SWAIN GROUP.
■ **Harry Richardson**, md of financial services division of EDS-Scicon, at FLETCHER KING.
■ **Major-General Simon Beardsworth**, a defence consultant, at OMI INTERNATIONAL.

Insurance moves

Jim Payne, one of the most prominent figures in the London reinsurance market, is to retire from the Sedgwick Group later this year. Payne, now 56, retired as chairman of Sedgwick Payne (the Sedgwick Group's reinsurance subsidiary) at the end of last year, and will leave his position as vice-chairman of Sedgwick Group itself in March. Payne joined EW Payne in 1954 and did much to build up its reinsurance business in the 1970s and 1980s, both before and after its acquisition by Sedgwick in 1978.

More recently Payne has played a role in attracting corporate capital to the Lloyd's of London market. He will continue as a board member of CLM Insurance Fund, one of the new Lloyd's investment trusts. He is succeeded at Sedgwick Payne by Jonathan Gilbert, deputy chairman and managing director of Sedgwick Payne and a board director of the group. Gilbert, who is also 56, has specialised in energy insurance broking. He joined Sedgwick in 1957 and was appointed to the board in 1981.

■ **John Gussenhoven** is appointed chairman of JOHNSON & HIGGINS HOLDINGS; he replaces Charles Carter and Nuno de Brito e Cunha who have become co-chief executives of London Market Investors, which is sponsored by Johnson & Higgins and Salomon Brothers.
■ **Bill Warbey** has been appointed md of FTA Insurance Services, the joint venture set up by Bain Clarkson and the Freight Transport Association.

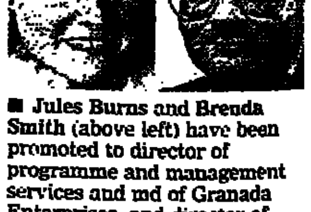
■ **Roger Shute**, chief executive of mini-conglomerate Scottish Heritable Trust, has become chairman as well, succeeding Edward Denison, who retired at the end of the year.

The company took the opportunity to congratulate Denison on his role in pursuing a successful claim in the US courts for damages of $8.5m, which was announced last week, against KPMG Peat Marwick regarding the acquisition of a 50 per cent stake in Rangaire Corporation in 1988.

Dealing in the shares of SHT, which has borrowings of around £24m, has been suspended since mid-November. SHT directors have another meeting with the syndicate of banks supporting the company next Tuesday to discuss a proposed refinancing package.

■ **Richard Maudslay**, managing director of Rolls-Royce Industrial Power Group, has been appointed to the main board of Rolls-Royce.

Maudslay, 47, has risen swiftly since the takeover in 1989 of Northern Engineering Industries by Rolls-Royce. Before becoming md in 1992 of the Industrial Power Group, an amalgamation of Rolls-Royce's non-aerospace operations and NEI, he was md of turbine generator manufacturer NEI Parsons. He began his career with Bruce Peebles, part of NEI, in 1968 and has subsequently held a wide range of UK and overseas appointments within NEI.



■ **Jules Burns and Brenda Smith** (above left) have been promoted to director of programme and management services and md of Granada Enterprises, and director of resources, respectively, and join the board of GRANADA TELEVISION.
■ **Graham Bibby** (above right) has been appointed sales and marketing director of WEIR Pumps on the retirement of Harry Lang; Gerry Malley has been appointed regional director, Far East and South East Asia.
■ **Chris Brandon-Trye** has been appointed finance and administration director and Mark Spillman sales director of Parfums Christian Dior (UK), part of LVMH.

Cinema/Nigel Andrews

China's 'Gone with the Wind'

Chen Kaige's *Farewell My Concubine* has been compared – by foes as well as fans – with *Gone With The Wind*. A sumptuous, switchbacking ride through Chinese history from 1925 to 1977, the film lasts three hours, boosts a giddily flamboyant cast of characters and stops off for showdowns at almost every main station in China's 20th century story.

Japanese invasion (1937); Japanese surrender (1945); Communist takeover of Beijing (1949); Cultural Revolution (1966); and finally the false dawn of post-Mao "liberalisation" (1977). No wonder both audience and characters look travel-exhausted by the close. Chen's previous work, which included *Yellow Earth*, *King Of The Children* and the majestically gnomic *Life On A String*, was in a contrasting Oriental-inscrutable mode. You had to scratch the austere parchment to find the feelings underneath.

Here emotions are worn on sleeves and sleeves are of dazzling-coloured silk. Dieyi (Leslie Cheung) and Xiaolou (Zhang Fengyi) are the two Peking Opera actors whose lives, loves and hates we follow through 50 turbulent years. On stage Dieyi's feminine beauty has condemned him, in an all-male theatre tradition, to play Queen to Xialou's King. Off-stage he plays queen with equal expertise. His unrequited passion for Xialou modulates between lofty stoicism and envenomed jealousy and finally leads – we have reached the moral horrors of the Cultural Revolution – to his denouncing of his beloved's ex-concubine wife Juxian, played with flashing cheekbones by Chinese superstar Gong Li (*Raise The Red Lantern*).

The curtain falls on two suicides, a nation in ferment, and clouds of opium smoke swilling about the stage from the drug-addicted last act. Some have cried "melodrama". But the movie's large-breathed hyperboles create their own oddly compelling rhythm and vision: compelling enough to have gained last years Cannes Golden Palm *ex aequo* with *The Piano*. And the interplay between historical backdrop and human foreground is persuasive even when Chen takes liberties to set up frequency vibrations between the two.

The film shows its surest touch in the first scenes: Dieyi and Xialou as children at a Peking Opera school. Chen makes the cruelties and disciplines at this artistic forcing-house seem at once monstrous and matter-of-fact. Boys chosen to play females are forced to repeat over and over "I am by nature a girl". Bodies are rendered elastic by ruthless Procrustean exercises. And when one boy hangs himself, Life Just Goes On. (Chen punctuates this death with a perfect surreal detail: a dusty fold-up wooden stage crashes down in the background, inexplicably, like a fist from God.)

The power of this first sequence energises and legitimises the scenes to come. It shows us the appalling and readies us for the worse: the streets thundered through by Japanese troops, the light-raked show trials, Dieyi's lonely drift into drugs or opportunist sexual servitude. (The film shows how political fear can make mind *and* heart *and* body bow to what is expedient from regime to regime).

But the childhood scenes also introduce us to the miraculous – a cloud of butterfly kites dancing outside the school gates when two boys open them to play truant – in preparation for the marvels of defiant grace wrought by Art out of Life. *Farewell My Concubine*, which takes its own title from that of the Peking opera Dieyi and Xialou most often perform together, is itself a hybrid of the real and visionary. Its flourishes and extravagances are as integral to its stratagem as its grim counting off of historical milestones. Life, Chen tells us, does not "imitate" art, nor art life. In the mind of a nation dazed by history, life and art are inextricably intertwined as part of the common dream.

★

Life and art are both out to lunch in Brian De Palma's *Carlito's Way*. This is the film of a director still seeking career re-entry after the mishap of *The Bonfire Of The Vanities*. His last film *Raising Cain* was a brain-teasing thriller that met no response at the box-office. So Mr De Palma has decided to run for cover and remake, in all but name, his 1983 remake of *Scarface*.

Al Pacino, drugs, gangsters, murder feuds and a we-mean-business running time (2½ hours) ensue. Mr P plays Carlito Brigante: black-bearded, snappily dressed and trying to "go straight" in 1970s East Harlem after five years in prison, except that as he tells his improbably longsuffering girlfriend Penelope Ann Miller, "I gotta do just this one thing to get out." (Help a friend with a prison rescue.)

"Get out", he means, of the criminal milieu. Which makes it odd that the first thing our new crime-resistant Mr Pacino does is to buy into a gangster-infested nightclub with his crooked lawyer friend Sean Penn (scarce-recognisable in curly red wig and gold-rim specs). Soon – to Carlito's surprise if not to ours – there is blood in the Martinis and bullet-holes in the chrome-and-cream decor (designer, Richard "Cotton Club" Sylbert). And the prison rescue bid looks horribly as if it might go wrong . . .

David Koepp's script is based on two novels by Justice Edwin Torres. If he had made it three novels, we might have had some *real* crazy-quilted incoherence. Instead we have the sense that pages are being turned and books swapped as turgid dialogue (Pacino and Miller) alternates in random *rubato* with sudden fizzes of violence or Method acting (Pacino and Penn). As for the climax, another De Palma suspense-and-action special set in Grand Central Station (see *The Untouchables*), it seems like a director's despairing attempt to use old glories to add lustre to a stubbornly dingy project.

★

Mac comes to us from another Italian-American playing delicate career moves: actor turned first-time film-maker John Turturro. Mr T, he of the black wire-wool hair and frightened rabbit eyes, was the title hero of *Barton Fink* and the gibbering execution victim in *Miller's Crossing*. Now he stars as a self-made builder in 1950s Queens, New York: one of three career-sharing Italian brothers who rage, joke, love, squabble and occasionally apply mortar to brickwork.

Turturro's Mac is based on his own father and is wonderfully fullblooded. Building, for this man, is not a job but a mythology. He lectures his siblings on Romulus and Remus. And as mishaps accumulate – Mac near-bankrupted in a bidding war for land, a worker tumbling from a roof, the brothers splitting up after a quarrel – he is right out there in the street raving and orating about the sanctity of Work.

The film could have been written by Arthur Miller and directed by Federico Fellini. Fellini would have loved the early touch of the dead father turning to his pallbearing sons to deliver his last work-proud message: "I built this coffin!" And Miller – whose Eddie Carbone in *A View From The Bridge* would happily break *grissini* with these New York Italian brothers-in-sweat – would enjoy the film's heady mixture of dynastic tragicomedy with work-ethic moralism.

Who is expected to enjoy *Malice* only Hollywood's arcaner market-research departments could tell us. Category: thriller. Sub-category: "lodger from Hell". When Dr Alec Baldwin, a gifted sawbones with a tendency to float from town to town, moves in with married couple Bill Pullman and Nicole Kidman, who could anticipate that suspense, terror, insurance fraud, marital breakdown and a near-fatal hospital operation will ensue?

Almost anyone could anticipate most of these. Not just from Jerry Goldsmith's eerie, mocking music but from Harold (*Sea Of Love*) Becker's eerie, mocking direction and from Alec Baldwin's ditto, ditto performance. George C Scott and Anne Bancroft appear, looking mildly shellshocked in guest roles. The script by Aaron Sorkin (*A Few Good Men*) stumbles about between coincidence and contrivance. And after several reels set in modest suburbia, the finale takes place in a storm-besieged cliff-edge mansion which would seem over the top in an Edgar Allan Poe film.

FAREWELL MY CONCUBINE (15)
Chen Kaige

CARLITO'S WAY (18)
Brian De Palma

MAC (18)
John Turturro

MALICE (15)
Harold Becker

Leslie Cheung in 'Farewell My Concubine'

'Sunset Boulevard' in Los Angeles

Karen Fricker reviews the US premiere of Lloyd Webber's musical

If you come to Los Angeles looking for the mansion at 10086 Sunset Boulevard, you will be disappointed. That house, the setting of Billy Wilder's classic 1950 film satire of Hollywood, never existed at that location. It was a made-up address on a real street, just as Wilder's *Sunset Boulevard* was an excoriating flight of fancy on a topic that is true-to-life indeed – Hollywood's capacity to create images and destroy lives.

If you come to Los Angeles looking for satisfaction from Andrew Lloyd Webber's new musicalisation of Wilder's film, you will be disappointed again. Lloyd Webber's *Sunset Boulevard*, which had its American premiere at the Shubert Theatre here last month, is to Wilder's original what a dirt road is to a motorway. Its display of heartless spectacle degrades everyone involved, most of all Glenn Close, who plays the faded silent movie star Norma Desmond, the role Gloria Swanson played in the film.

The musical *Sunset*, which is also playing at the Adelphi Theatre in London, features everything we have come to expect from Lloyd Webber and Co. – lavish sets and costumes, a large cast, a bloated pseudo-operatic score – but wholly lacks a consistent tone.

While Wilder's *Sunset* was an elegant fusing of sendup and homage, Lloyd Webber's wavers between the celebratory impulses of musical theatre and the ironic distance of satire, and Trevor Nunn's unassertive direction evens nothing out.

The dialogue jolts between spoken lines, most taken from the film (all the favourites are retained: "I *am* big; it's the pictures that got small"; "I'm ready for my close-up, Mr. De Mille") – and recitative, sung by Joe Gillis (Alan Campbell), the down-on-his-luck screenwriter whom Norma entraps to stage her "return." For the music, Lloyd Webber largely recycles tunes from his past work into a grab-bag of blowsy ballads and Big Group Numbers. It is in the latter that librettist/lyricists Don Black and Christopher Hampton make their most concerted stab at irony (studio wannabes singing "Let's Have Lunch," a gaggle of fey dressers exhorting Joe to buy more clothes because "The Lady's Paying"), but their attempts at acidity clash with Lloyd Webber's peppy tunes and Bob Avian's high-energy stagings.

Amidst it all stalks Close, a marvel of ill-employed concentration. Holding her taloned hands like a surgeon leaving a scrub room, bedecked in Anthony Powell's de luxe costumes – jungle-printed pyjamas, lamé dusters and jeweled turbans – she looks and behaves every inch a Norma Desmond, but she is an island of high camp in a sea of humourless ineptitude, and ends up looking foolish. An additional problem is her singing voice, which is thin and over-amplified, and her songs fail to compel. There is no reason for Norma's simple and ever-strengthening convictions to be driven home through four solo and two shared numbers, except to show off a star's voice – a rationale which made more sense in the London production, with belter Patti LuPone in the role, than it does here.

It is Joe Gillis whose inner life needs revealing, for *Sunset Boulevard* is the story of his journey from professional to personal desperation and eventual destruction. Though the evolution of Joe's relationship with Norma indicates a broad range of emotions towards her – pity, curiosity, awe, disgust, admiration, greed, attraction – there is little in the dialogue or lyrics to indicate his changes in attitude. It is left to the actor playing Joe to communicate these transitions through his expressions and actions, but Campbell's barking, abrasive demeanour remains the same throughout, and he and Close do not develop any relationship on stage. Campbell's golden-boy good looks do not fit the role, and he is only given one song with which to show off his excellent singing voice – the bombastic title tune.

Another character marred by the show's inept musicalisation is Max von Mayerling (George Hearn), Norma' ex-husband and former director-turned-butler, who must step outside his taciturn demeanor to inform Joe that Norma was "The Greatest Star of All." Standing stiffly and orating overblown lyrics ("there was/a majaraha/who hanged himself with one of her/discarded stockings/she's immortal"), Hearn, like Close, ends up with Lloyd Webber's egg on his face.

Only Judy Kuhn as Betty Schaefer, the young writer who becomes Norma's rival for Joe's affections, comes out with her reputation intact. Her songs and dialogue plausible, and her singing clear and strong, she is a lovely presence, and Campbell is at his best when he's playing opposite her.

As with all of Lloyd Webber's efforts, there is always a massive set to marvel at. John Napier's rendering of Norma's rococo palace is indeed an eerie wonder of dark wood and brass, but it has the distracting habit of levitating at the least opportune moments. Lifting up Norma's house during a New Year's Eve scene and slipping another set in underneath serves no purpose other than to prove that it can be done. Worse still are the hydraulic high jinks that accompany Joe's death scene. As the musical makes its last attempt to draw the audience in, the set and the characters on it move *away* from the audience for the sake of a sight gag – Joe taking a header into Norma's pool, which has implausibly manifested itself in the centre of her living room floor.

Lloyd Webber's musicals always fare well in spectacle-loving Los Angeles, and the added frisson of a show about itself has set the city *Sunset*-crazy: despite mixed local reviews, *Sunset* set a Shubert Theatre box-office record ($512,130) the day after opening. Meanwhile, the gossip about whether it will be LuPone or Close who plays Norma when *Sunset* opens on Broadway this autumn rages on, but what does it matter? Both are big stars, and this musical is too small for either of them.

Craig Schwartz Photography

Glenn Close as Norma Desmond and Alan Campbell as Joe Gillis in Trevor Nunn's production

Theatre/Malcolm Rutherford

An Absolute Turkey

Sir Peter Hall's production of a new English version of Georges Feydeau's *Le Dindon* has a wonderful cast and some fine performances. It is always interesting, partly because it entices you to believe that the best lines and situations must be just around the corner. That illusion is maintained to the end. By then you realise what you may have suspected at the start: *An Absolute Turkey* is more a sentimental comedy than a French farce.

Here is a rather gentle tale of French life where really serious misdemeanours never quite take place, there is no cruelty, hardly anyone loses their trousers and all ends happily. In short, *Le Dindon* has become very English, more P.G. Wodehouse than Feydeau.

Once you have accepted the change of genre, the piece flows along very nicely. Felicity Kendal plays Lucienne, the faithful wife who will betray her husband only if she has evidence of his own infidelity, and then for revenge – not desire. No production graced by Ms Kendal's presence can be without pleasure.

The same can be said of Griff Rhys Jones who plays Redillon, the promiscuous lover with a score card of one in three out of the women he approaches. When Lucienne becomes available, he is too tired to take advantage. Rhys Jones, too, is a joy to watch: for all his philandering he seems a nice man at heart.

The nicest man of the lot – and this may have taken the sting out of the play – is Geoffrey Hutchings as Vatelin, husband of Lucienne. A charming Paris lawyer who collects paintings by the relatives of the French Impressionists on the grounds that they are so cheap they must be a good investment, he has been unfaithful only once – with a woman called Mitzi when he had to spend to spend a month working in Zurich. There is never much chance that he will be seriously embarrassed even when Mitzi (Rosie Timpson) turns up in Paris. Vatelin nearly always does the decent thing, which is why Lucienne sticks to him.

There are also some splendid minor performances, notably by Richard Henders as a hotel page boy suffering from puberty, which is taken as some kind of disease. Linda Spurrier is an outstanding Madame Pinchard, the near totally deaf wife of a French general. She has that irritating habit of near deaf people of being sharp of hearing just when you least expect it. Lip-readers will appreciate her line: "Why do you always talk with your back to me? I can't see a word you're saying."

There are far too many characters in the play: 22 altogether, played by a cast of 18. Some of the best are never allowed to develop – like Mitzi's husband who looks about as provincially Swiss as you are likely to get, but turns out to have been born in Marseilles. The multiplicity of characters slows down the pace. This is a criticism of Feydeau not of Hall: in a good farce you do not want new faces constantly bursting through doors – they distract from the framework.

It is also a mistake, despite the need to change the sets, to have two intervals. That again slows down the action. Still, the designs by Gerald Scarfe are very pretty: quite in line with the comedy that the play has become.

Globe Theatre (071) 494 5065

INTERNATIONAL ARTS GUIDE

■ ATHENS

Megaron A Bartok cycle opens on Sun with the first of three recitals by Bartok String Quartet. Next week's events include two concerts by the Budapest Festival Orchestra conducted by Ivan Fischer, featuring Duke Bluebeard's Castle and extracts from Lohengrin. Fischer also conducts the musical accompaniment to Hyson Mime Group's performance of The Miraculous Mandarin on Jan 14 and 15, paired with Mahler's Das Lied von der Erde sung by Agnes Baltsa and Kim Begley (01-728 2333/01-722 5511)

■ BOLOGNA

Teatro Communale Sun: Gianluigi Gelmetti conducts first night of Roberto de Simone's production of L'Italiana in Algeri, with Bernadette Manca di Nissa, Rockwell Blake and Michele Pertusi (repeated Jan 11, 13, 16, 18, 19, 20, 23). Tues in Palazzo dei Congressi: Momix Dance Theatre (Biglietteria, Ente Autonomo Teatro Communale di Bologna, Largo Respighi 1, 40126 Bologna. No telephone bookings accepted. For information, call 051-529999)

■ CATANIA

Teatro Bellini Jan 11, 13, 16, 18, 20, 23: I Puritani with Lucia Aliberti, Salvatore Fisichella and Dmitri Kavakros (095-7150 921)

■ GENOA

Teatro Carlo Felice Jan 13, 16, 19, 22, 23, 25, 27, 28, 30: Nabucco with Ghena Dimitrova and Leo Nucci (010-589329)

■ LONDON

THEATRE

● An Absolute Turkey: the Peter Hall Company's new production of Feydeau's farce, starring Felicity Kendall and Griff Rhys Jones. Just opened (Globe 071-494 5067)

● The Cavalcaders: the Abbey Theatre Dublin production of Billy Roche's play, directed by Robin Lefevre. Opens tonight (Royal Court 071-730 1745)

● Angels in America: the two parts of Tony Kushner's epic contemporary drama can be seen on seperate days in the Cottesloe, in repertory with an acclaimed touring production of Brecht's Mother Courage (National 071-928 2252)

● Macbeth: Derek Jacobi as Shakespeare's Scottish king in a new RSC production directed by Adrian Noble (Barbican 071-638 8891)

● Wildest Dreams: Alan Ayckboum's dark comedy directed by the author for the RSC (The Pit 071-638 8891)

● Cabaret: Sam Mendes directs one of the great modem musicals, with Jane Horrocks as Sally Bowles and Alan Cummings as Emcee at the Kit Kat Club (Donmar Warehouse 071-867 1150)

● An Inspector Calls: the award-winning National Theatre production of J.B. Priestley's play (Aldwych 071-836 6404)

● Piaf: Elaine Page stars in Pam Gems' musical play about life and times of Edith Piaf. Directed by Peter Hall (Piccadilly 071-867 1118)

● Ticket information, phone Theatreline from anywhere in UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962.

MUSIC/DANCE

Covent Garden The Royal Ballet has Kenneth MacMillan's production of Prokofiev's Romeo and Juliet, plus a mixed programme featunng works by Ashton and Balanchine. English Bach Festival presents Monteverdi's L'Orfeo on Sun. Next week's performances (Jan 11-17) are sponsored by Paul Hamlyn Foundation for first-time attenders of opera and ballet at the Royal Opera House, and are not available for direct booking. The next Royal Opera production is Carmen, opening Jan 21 with a cast led by Denyce Graves, Leontina Vaduva, Neil Shicoff and Barseg Tumanyan (071-240 1066)

South Bank Centre Ben Stevenson's English National Ballet production of The Nutcracker runs daily except Sun till Jan 22 (071-928 8800)

Coliseum ENO repertory this month consists of David Pountney's new production of Smetana's Two Widows starring Marie McLaughlin and Anne-Marie Owens (till Jan 20), Die Fledermaus with Vivian Tierney as Rosalinda (till Feb 10) and a revival of Nicholas Hytner's production of Xerxes, opening Jan 14 with Louise Winter in the title role (071-836 3161)

Barbican Travelling Opera presents its popular version of Die Zauberflöte tonight and tomorrow. Mstislav Rostropovich gives a cello recital on Sat, and Rafael Frühbeck de Burgos conducts the LSO on Sun in works by Mozart and Beethoven, with piano soloist Alicia de Larrocha (071-638 8891)

■ MADRID

Auditorio Nacional de Musica Lindsay Quartet gives the final instalments of its Beethoven quartet series next Wed and Thurs (01-337 0100)

Teatro Lirico La Zarzuela The next opera production is Der Freischütz, opening Jan 22 with a cast led by Poul Elming and Ekkehard Wlaschiha (01-429 8225)

■ MILAN

Teatro alla Scala Midori gives a violin recital on Mon. A new production of The Fiery Angel opens on Jan 14 with a cast headed by Galina Gorchakova and Sergei Leiferkus. Maurizio Pollini gives a piano recital on Jan 17 (02-7200 3744)

■ NAPLES

Teatro San Carlo Jan 15, 18, 21, 23, 26, 29: La traviata with Giusy Devinu, Vincenzo La Scola and Roberto Servile (081-797 2331)

■ PALERMO

Teatro Massimo Jan 7, 9, 13, 16, 19, 22, 25: Gianandrea Gavazzeni conducts Alberto Fassini's production of Roberto Devereux, with Denia Gavazzeni Mazzola and Pietro Ballo (091-6053 315)

■ PRAGUE

CONCERTS

Dvorak Hall Next Mon: Czech Nonet plays chamber music works by Foerster, Martinu and Spohr. Next Wed: Skampov Quartet. The next Czech Philharmonic concerts are on Jan 28 and 29 (02-286 0111)

Smetana Hall Next Tues and Wed: Elli Jaffe conducts Prague Symphony Orchestra in works by Verdi, Ben Haim, Bloch and Bernstein (02-232 2501)

OPERA

Prague State Opera Tonight: Beethoven's Leonore. Tomorrow, Sun afternoon: Die Fledermaus. Sat: La traviata. No performances Jan 10-20 (02-265353)

National Theatre Repertory includes new productions of Dvorak's The Jacobin and Janacek's The Makropoulos Case (02-205364)

● For pre-booking and information about these and other events, contact city centre ticket agencies (Sluna, Wenceslas Square 28 in the passage, tel 02-261602, or Bohemia, Na Prikope 16, tel 02-228738, or Melantrich, Wenceslas Square 38 in the passage, tel 02-228714) and theatre box offices. Tickets can be ordered from abroad through Bohemia Ticket International, Salvatorska 6, Prague 1 (tel 02-2422 7832 fax 02-2481 0368)

■ ROME

Teatro Valle Sat, Sun, Mon, Tues: Christian Thielemann conducts Orchestra dell'Accademia di Santa Cecilia in a Viennese programme, with soprano Luciana Serra (06-678 0742/06-6880 3794)

Universita La Sapienza Sat: Midori violin recital. Jan 15: Amadeus Chamber Orchestra. Jan 22: Cherubini Quartet. Jan 29: Lynn Harrell (06-361 0051)

Teatro Il Sistina Sun morning: Igor Oistrakh violin recital. Jan 17: Salvatore Accardo. Jan 30: Pekinel Sisters (06-5734 4664)

Teatro Olimpico Next Thurs: Giuseppe Sinopoli conducts Webern and Schoenberg. Jan 20: Bartok Quartet (06-320 1752)

■ VENICE

Teatro La Fenice Oleg Caetani conducts orchestral works by Bartok and Bruckner on Jan 13 and 14. The next opera production is Les Contes d'Hoffmann, opening Feb 3 (041-521 0161)

ARTS GUIDE

Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.

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Super Channel: European Business Today 2230; repeated 0630, 0715
MONDAY
Super Channel: FT Reports 1230.
TUESDAY
Super Channel: West of Moscow 1230
Euronews: FT Reports 0745, 1315, 1545, 1845, 2345
WEDNESDAY
Super Channel: FT Reports 1230
THURSDAY
Super Channel: West of Moscow 1230; FT Reports 2130
Euronews 0745, 1315, 1545, 1845
FRIDAY
Super Channel: FT Reports 1230
Sky News: FT Reports 2030
SATURDAY
Sky News: 0330; 1330
SUNDAY
Super Channel: FT Reports 2230
Sky News: FT Reports 1730; 0430

Vision of heaven in their own kind of hell

BOOK REVIEW

THE NEW MIDDLE EAST
By Shimon Peres
with Arye Naor
Element. 224 pages. £16.99

Mr Shimon Peres, Israel's foreign minister, has had a busy, successful year and is obviously in celebratory mood. On the eve of his 70th birthday in Norway he completed the negotiations with the Palestine Liberation Organisation which, on September 13, brought him to the White House lawn for the historic signing of the declaration of principles.

Now, even before the two sides have agreed on the first stage implementation of that outline agreement, Mr Peres has sketched out an extraordinary vision of what peace could mean to the region. "The world has more money than ideas. The new Middle East is an idea whose time has come," he declares.

Both propositions deserve to be treated with the deepest scepticism. But so, only a few months ago, would the suggestion that Mr Yassir Arafat, the PLO chairman, was about to shake the hand of Mr Yitzhak Rabin, the prime minister of Israel. Mr Peres's part in making that breakthrough possible gives him more justification than most for adopting the role of visionary, even though rather more residents of the Middle East would be tempted to characterise his musings as verging on fantasy.

With negotiations still so delicately poised, it was probably unrealistic to expect Mr Peres to provide much detail on the process which led to the Israel-PLO agreement. His account is impressionistic, imprecise on timing, but peppered with useful interpretations of Israeli and Palestinian motivation, particularly that of Mr Arafat.

He views the Palestinian leader as a man determined, above all else, to retain control of the PLO. Any agreement reached without Mr Arafat's personal involvement would have eroded his authority. So, according to Mr Peres, every time the Palestinian-Israeli negotiations in Washington looked as if they were making progress, Mr Arafat would issue instructions that blocked further movement. Meanwhile the real work was being done in Norway, with the great advantage for Israel of not needing to acknowledge Mr Arafat's ultimate authority until after a deal was struck.

But that, too, may have been one of the flaws in the agreement. Mr Arafat's autocratic behaviour, then and now, has cost him valuable support within the PLO, while also delaying the creation of procedures and administrative structures which are urgently needed if the Palestinians are to assume greater control over their own affairs in the West Bank and Gaza Strip. At the same time it is increasingly obvious that Mr Arafat's interpretation of the declaration of principles is seriously at odds with that of Mr Peres.

This makes it all the more difficult to be carried along by Mr Peres's vision of a Middle East developing on similar lines to Nafta, Asean or the European Union. The conceptual leap is just too vast to be contemplated by anyone with much experience of the Arab world. An Israel-Palestinian deal, still five years from consummation even if all progresses smoothly, is just one element in a complex mosaic of issues and relationships over which Israel has little or no influence.

Mr Peres says that Israel cannot dictate the conditions for peace, but he should also recognise that for many Arabs the present moves towards a settlement are the final confirmation of their failure.

While it may be his finest moment, it is their acknowledgement that the struggle of the past four decades has proved largely fruitless. Israel's continued determination to prevent the creation of an independent Palestinian state, and to retain full control over Jerusalem, is a powerful reaffirmation of its regional dominance.

Against such a background, Mr Peres suggests that the Arab oil-producing countries should donate 1 per cent of their revenues towards regional development that would stretch from Eritrea and Yemen, through the Gulf to Egypt, Lebanon, Syria and, of course, Israel. New transnational motorways would be built, ports shared, water piped, canals constructed, oil distributed, the Hijaz railway reopened, deserts turned from brown to green and, even more fancifully, dictatorships transformed into democracies.

To support his argument, Mr Peres cites what has happened in Egypt since it made peace with Israel. Cairo and Alexandria, he claims, have been transformed beyond recognition in the past decade, and President Hosni Mubarak is likely to go down in history as one of the great builders of Egypt. Even those with the deepest attachment to Egypt and its leader might have difficulty in recognising Mr Peres's description, which typifies an endemic problem for Israelis whose received perceptions of their Middle Eastern neighbours inevitably far outweigh their personal experience.

Mr Peres might do well to listen to his deputy, Mr Yossi Beilin, who told Palestinians recently that, if they genuinely feared Israel wanted to dominate them economically, he would prefer to drop all further talk of closer links between the economies.

There might, just, be a brighter economic and political future ahead for countries in the Middle East, but it must be remembered that they include Iran, Iraq, Algeria, Sudan and Libya, and a raft of others with problems almost as grave.

If Israel is able finally to conclude peace treaties acceptable to its neighbours, it would represent a significant contribution to Middle East stability. But beyond that, the countries in the region will go to heaven, or to hell, in their own way. Mr Peres has already left a personal mark on the history of the region and should be wary of damaging that achievement by now appearing to reach too far.

Roger Matthews

ECONOMIC VIEWPOINT

The spectre that is haunting Europe

By Samuel Brittan

Marx and Engels began their celebrated Communist Manifesto of 1848 with the resounding words: "A spectre is haunting Europe – the spectre of communism."

Communism may have gone. But a different economic spectre is haunting the west. It is one known by the less resounding title of "the factor price equalisation theorem".

To appreciate what this is all about we need to go back to the fundamental proposition of international trade theory and indeed of all economics. It is that voluntary exchange makes both sides better off. Otherwise the exchanges would not take place. The proposition has been known for over 200 years, at least since Adam Smith. The rest is elaboration.

Part of this elaboration has, however, been casting a shadow over the free trade case for the last 70 years or so. For in the 1920s a "theorem" was promulgated by the Swedish economist and statesman Bertil Ohlin known as "factor price equalisation". A "factor" is what a businessman would call an input. Trade economists tend to group these inputs into very broad categories, such as capital, land, skilled and unskilled labour.

The modern statement of the theorem is due to the Nobel Prize winning economist, Paul Samuelson. It asserts what many practical men have long supposed: that when available production techniques are similar, transport costs are low, and several other conditions are met, the earnings of "factors" in different countries will tend to equality under free trade. For instance, wages of unskilled labour in the US will fall and unskilled labour in India and China rise towards a common level.

During the golden age of the 1950s, 1960s and early 1970s there was much arid armchair discussion of the assumptions under which factor price equalisation held and how likely they were to be fulfilled. (The interested reader will find the key arguments in, for instance, the 1969 Penguin *International Trade Selected Readings*, and in Max Corden's *International Trade Theory and Policy*, Edward Elgar, 1992). Meanwhile, trade was being liberalised and expanded and real pay was rising in the industrial west.

But with the stagnation in US blue-collar wages of the 1980s, and the rise in European unemployment, factor price equalisation entered the world of policy argument. Indeed, in another echo of Karl Marx, some economists have been reminded of his theory of the immiseration (growing poverty) of the proletariat. An American economist of uncompromising pro-free trade views, Jagdish Bhagwati, subtitled a recent co-authored paper (available from the American Enterprise Institute) "Is Marx striking again?" A well-known British economic consultant, Douglas McWilliams, has called a recent lecture "Perhaps Marx was right after all".

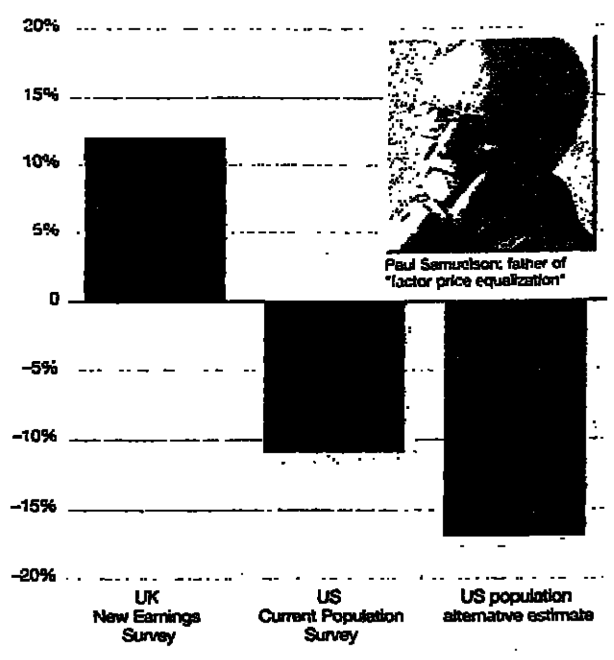
Paul Samuelson himself, lecturing in Italy in 1992, remarked with cautious alarmism : "As the billions of people who live in east Asia and Latin America qualify for good, modern jobs, the half-billion Europeans and North Americans who used to tower over the rest of the world will find their upward progress in living standards encountering tough resistance."

Nevertheless, a person's younger self is often wiser, and I found more helpful a statement Samuelson made 51 years before: "It has been shown that the harm which free trade inflicts upon one factor of production is necessarily less than the gain to the other. Hence, it is always possible to bribe the suffering factor by subsidy or other redistributive devices so as to leave all factors better off as a result of trade." This, indeed, would also be my own "executive summary" of the whole discussion.

Is freer trade, however, really depressing the pay of an important section of workers in the west? Average real hourly earnings of *all* US private sector workers fell between 1979 and 1989 from $8.17 (in dollars of 1982 purchasing power) to $7.45. Even allowing for fringe benefits, and taking in the self-employed, they virtually stagnated (rising by an average of ⅓ per cent per annum). The dispersion between high and low-paid workers has increased to levels greater than anything seen since 1940. In the same period the differential earnings of college graduates increased by 30 per cent relative to those with only high-school education. Worst of all, the real hourly wages of young males with 12 or fewer years of schooling dropped *in absolute terms* by 20 per cent.

Low wage movement in US and UK

Change in hourly real earnings, bottom 10% male population, 1979–89



Source: Freeman, Katz, paper for IFS, 1993

'The suffering factor can always be bribed, leaving all factors better off from trade'

The same pressures that have expressed themselves in the US in pay stagnation have come to the surface in Europe in unemployment and non-employment (that is workers who have left the official labour force). In the UK both symptoms can be found, as detailed by Edward Balls in his contribution to the booklet *Work and Welfare* (published by the Institute of Public Policy Research).

His view is that developing country exports still account for too small a proportion of manufacturing sales in the west to explain the downward pressure on unskilled wages. Bhagwati also dismisses scare stories about cheap foreign imports depressing the pay of unskilled workers in the US. For the same influences should also depress prices of US imports and domestic substitutes for imports, relative to prices in general; there is no sign of this.

Bhagwati's explanation is "skill-based technical change" mainly of domestic origin. Technical change, he suggests, has been focused more than in the past on the sectors needing high skills. Trade may, however, have an indirect effect here. For it makes production footloose and small cost changes can cause production to migrate between countries. This results in more labour turnover and less training effort. Other sources of pressure include the effect of import pressure in eroding the differentially high wages obtained by unions in industries such as cars and steel.

But whatever the position in the past, international trade movements could well impose pressures on pay levels in future. McWilliams suggests that real hourly labour costs in Europe are likely to decline by over 1 per cent per annum over the next quarter century. He argues that a combination of population growth and spreading literacy will expand the world's labour force – skilled as wells unskilled – from 600m at present to around 4bn in 25 years. Thus labour will become very plentiful and capital extremely scarce.

But there are countervailing factors. If real pay in the developing and former communist countries remains low relative to productivity, as McWilliams postulates, then there must be one of two consequences. There could be a rise in the real exchange rates of these countries, thus dampening their competitive edge. Alternatively, they will accumulate vast export surpluses which can be used to finance the required increases in the world capital stock. This investment in itself will be a source of demand for the products and labour force of the old, as well as of the new, industrial countries.

The implications for policy are indeed not very different whether the downward pressures on labour demand come from imports or from indigenous change. A familiar response is the call for more education and training. There is also the need for more sensitive social security arrangements which will encourage people to stay in the labour market even on low or part-time pay.

But so far the debate is very incomplete. Much more analysis is required of likely pay trends in developing and former communist countries and how they are likely to spend their growing export proceeds. If this were done, their emergence into the world economy may seem less of a threat and more of an opportunity than they do at present.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Company harmony can show way to peace in N Ireland

From Mr P R Dougan and others.

Sir, Mackie International is located on the Belfast peace line.

All sections of the community enjoy employment in this company, a world leader in the manufacture of textile machinery, in an atmosphere of co-operation, free from discrimination and sectarian division. Mackie International's employees have worked together throughout the most difficult of years in Belfast's troubled history, yet with little disturbance to its internal harmony.

Peace on Belfast's peace line does exist; it has been established within the Mackie company community. All that is required is the extension of the peace process beyond the company boundaries to the entire community. We have proved it is possible.

Our hope for 1994 is that all our citizens will strive vigorously to achieve both peace and, together, prosperity in west Belfast and beyond.

It is possible. It can be achieved.

P R Dougan,
chief executive,
Mackie International,
385 Springfield Road,
Belfast BT12 7DG,
Northern Ireland,
R J Patton,
general manager,
J R Dunlop,
personnel manager,
P Auld,
convenor of Amalgamated Engineers and Electrical Union,
S Kane,
convenor of Transport and General Workers Union

Prize size no disincentive

From Mr Tom Threlfall.

Sir, Unlike R L Webb (Letters, January 1), we do not think the introduction of a £1m monthly jackpot prize will be counter-productive. We know from our post bag that a lot of people will be delighted at the chance of becoming an overnight millionaire.

The overall size of the prize fund has been increased, in order to accommodate the new prize structure. And we will continue to pay out more than 185,000 prizes each month in the range of £50 to £100,000, as the odds against winning a prize in any monthly draw remain unchanged at 15,000 to 1 for each £1 bond unit.

We cannot please everyone. However, we think that we have the spread of prizes about right.

Tom Threlfall,
deputy controller,
Premium Bond Office,
National Savings,
Blackpool FY3 9YP

Co-operation in Scott inquiry

From Mr Christopher Muttukumaru.

Sir, Your story, "Further delays for Iraq arms inquiry" (January 5) suggests ministers are in some way responsible for delaying the work of Lord Justice Scott's inquiry. On the contrary, all serving ministers and former ministers have, thus far, co-operated fully.

So far as Lord Trefgarne is concerned, I have been informed by his solicitors that he is considering with them whether to provide written and/or oral evidence.

Christopher Muttukumaru,
secretary to the inquiry,
Inquiry into exports of defence equipment and dual use goods to Iraq,
1 Palace Street,
London SW1E 5HE

'Good year' for pension funds may have been relatively poor

From Mr Gordon Clark.

Sir, I find your article, "Good year for occupational pension funds" (January 4) – regarding the "impressive" performance of UK pension funds in 1993 – somewhat misleading.

On the basis used by many actuaries to value the assets of an ongoing pension fund, pension scheme assets actually fell by about 1 per cent in 1993. The reasons: the changes in ACT in the April Budget effectively acted as a tax on schemes' future income, and corporate dividend growth was sluggish to say the least.

Those who would seek to accuse the actuaries of living in an ivory tower would do well to consider the number of articles appearing in your paper which attempt to rationalise the current levels of equity markets – shades of 1987 perhaps? Those who would dismiss the actuaries' views out of hand can always fall back on market values. On this basis the investment return was indeed 27.8 per cent. However, the market value of the liabilities of the typical scheme will have increased during 1993 by some 25 per cent due to the fall in long-term interest rates. Both figures need to be considered together.

There is a serious point to be made here. Namely the widespread misconception that short-term market movements have an immediate impact on the long-term finances of pension funds.

It is important that the long-term nature of corporate pension provision is more widely understood. Rather than a good year for occupational funds, 1993 may prove to have been a relatively poor one, with the result that more companies will have to end their contribution holidays or increase their level of contributions, thus continuing a process widely publicised in your paper in 1993.

Gordon Clark,
actuary,
Alexander Clay & Partners,
Carnegie House,
Peterborough Road,
Harrow,
Middlesex HA1 2AJ

Mechanisms for unitary councils already in two-tier system

From Mrs M P Case.

Sir, Martin Easteal, chief executive of the Local Government Commission, described his vision (Letters, December 29) of the outcome of the commission's local government review – "a structure that will ensure local government in the future meets the needs of the community in such a way that many of the functions now undertaken by quangos may instead become the responsibility of local authorities".

That future is not equally envisioned by ministers who are hardly likely to concur with the implied undermining of major Conservative restructuring in the fields of, for example, health, education and waste management. There, power and responsibility have been passed to trusts, to parents and teachers, to companies at arms-length and more commercially driven than local councils.

Moreover, on the ground in the shires, notably in my own county, the preferred option being urged by the lead commissioner, namely the creation of aggregations of districts, ostensibly unitary, is already necessitating proposals for the establishment of a range of joint strategic authorities. They include transportation, and planning, and joint boards for police, fire, magistrates, probation etc. Specialist areas in child care, and the education of children with learning difficulties, are to be handled by agencies; county archives, the Lord Lieutenancy and other functions will be managed by different "lead" authorities.

Surely all of these mechanisms are as dispersed and distanced from the new unitary council concept as the apparently despised quangos.

How can a system be sufficiently resilient to take over the roles of quango, and yet require the creation of manifold bodies to facilitate anew the combination of strategic thinking and local delivery which are the hallmark of the present two-tier system in many parts of England?

Pat Case,
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Bank of France on its own

The independence of the Bank of France, promoted by both the conservative Paris government and its Socialist predecessor, was enshrined in law towards the end of last year. It will take time for the financial markets to accept that French ministers really have handed control over interest rates to the bank's nine-man monetary committee, the six outside members of which were named yesterday. It may take longer still for the perceived advantages of central banking independence – establishment of conditions for low-inflation growth – to become fully apparent to the French public. However, independence marks an important further step strengthening French economic policies after the summer debacle in the exchange rate mechanism.

No central bank can run policies totally free of constraints set by the society in which it operates. The independent Bundesbank has provided a model for some of the legislation enacted in Paris. Yet the German central bank has relied in its anti-inflation efforts far less on its legal protection from political influence than on the strong German consensus in favour of price stability. This consensus is tested above all at times of crisis. The Bundesbank has frequently made decisions which have contributed to the unpopularity of the government in power, and, on occasion, to its downfall.

By bringing to the Bank of France council qualified outsiders from diverse backgrounds, the government has increased the chances that its actions will be both wise and respected. However, in the long run, the bank's statutes will prove effective only if the French people remain convinced of the merits of anti-inflation policies. Despite the summer setbacks, cross-party support in Paris for the strong franc strategy practised for 10 years remains intact. In view of recession and rising unemployment, backing for a firm franc may, however, fade as eyes start to fix on the 1995 presidential elections.

The Bundesbank built up its reputation for toughness during a 10-year period after 1948 when the D-Mark was not fully convertible and foreigners had low expectations of German monetary policy. The conditions under which the Bank of France has to defend its new status are in some ways much more testing.

In particular, the bank must confront an uncomfortable paradox. To maintain policy credibility – and to try to inch French interest rates below German ones – the French government and central bank have to maintain a public display of agreement. The best opportunity for the Bank of France to make a convincing demonstration of its independence would be offered by a monetary crisis. But this is a development that the French authorities are understandably anxious to avoid. A significant reason for the move to make the Bank of France independent is to lower the influence over French interest rates at present exercised by the Bundesbank. The goal is worth fighting for. But the struggle has only just begun.

Private affairs

Britain is not a theocracy. Personal relationships are, or should be, a matter for the individual conscience, guided, where appropriate, by church or mosque. The government should think hard before intervening. It traditionally sustains contracts, such as marriages. It must protect the vulnerable, as it is attempting to do by chasing fathers for maintenance payments through the Child Support Agency. It has a duty to consider the public expenditure consequences of any particular action, as when it reviews payments to single parents. Beyond that, it should shut up.

Mr Tim Yeo, a capable junior minister, has fallen victim to the Conservatives' failure to recognise the limitations of what the state can usefully say about private behaviour. Since last autumn a number of ministers have babbled about family values and morality as if they were something more than politicians. The public perception that a moral crusade has been launched is partly the result of careless speeches on subjects that have not been properly thought through. It is also a consequence of the prime minister's desperate search for a theme that could unify his party. Rightwing ayatollahs shamelessly preached the virtues of family life at the Tory conference in Blackpool last October. Were there no adulterers in the hall?

Since then, the slogan "back to basics", dusted and refurbished in Downing Street, has further confused matters. The purpose may have been to encompass more rigorous teaching methods and a new strategy for the control of crime, but the effect was to introduce an atmosphere of fundamentalism into British political discourse. This is consonant with English history, which is punctuated by fits of ersatz morality. The present example is a sorry indication of the lengths to which an unpopular government will go in an effort to restore its fortunes. The effect on Mr Yeo's constituency officers was predictable. They indicated that they wanted him to resign as a minister, which would punish him for his adultery, but not as a member of parliament, which might cost the Conservatives the seat. Moral gestures have their boundaries.

Coming from a party that cast down, then took up again, Lord Parkinson this is piquant. From a government that flies the flag of individual freedom it is particularly curious. Since 1979 successive Conservative administrations have promised less regulation, less governance, more space for individual enterprise and initiative. Today it is even making instant pronouncements on such tortuous subjects as the correct age at which a woman may be assisted by her doctor to have a baby. That too is a moral issue, best left to theologians and philosophers. The Conservatives should think again about the meaning of "family values" and "back to basics". In the age of privatisation, the greatest absurdity would be to nationalise morality.

Education reform

Sir Ron Dearing's final report on the national curriculum and its assessment will be judged in the short term by the extent to which his recommendations restore good order in English schools. Opposition by teachers to plans for the compulsory testing of 14-year-olds last summer blew the government's education reforms off course. Early indications are that the Dearing report will be enough to win back the co-operation of the moderate teachers' unions.

In the longer term, however, Sir Ron's recommendations must be judged by the extent to which they preserve the basic principles of the government's reforms. The national curriculum survives, slimmed down to occupy no more than 80 per cent of school time for most children. It will be more closely focused on the basics of literacy, oracy and numeracy. Some critics will be disappointed that the core curriculum has not been scaled back even more. However, Sir Ron's proposals give teachers increased discretion over the content of the school day.

Compulsory testing also survives, though simplified and limited to the core subjects of English, mathematics and science. Reductions are also to be made in the number of attainment targets, the profusion of which has multiplied paperwork for teachers. With testing now focusing only on the three core subjects, monitoring progress on non-core subjects will be left to teacher assessment. There is a danger that this could leave parents in the dark over their children's performance in these subjects until a system of comparing teacher assessments can be established.

These changes have been introduced with the aim of winning over all but the most implacable opponents of the government's education reforms. But Sir Ron has gone further in his recommendation that schools should be allowed to offer 14-16 year-olds a wider range of vocational subjects. For these children, he suggests that the time spent on the core curriculum could be reduced to 60 per cent so that they can develop their interests and preferences.

In principle, this is an excellent idea. More practical and work-oriented courses can engage and motivate children who are not making good progress in a wholly academic curriculum. They can also help such children develop work practices and competences which will equip them for the fast-changing world of work.

However, such courses need to be carefully thought out, adequately resourced and taught by properly trained teachers. They must also avoid being too narrowly work-specific, an accusation made by critics of the new national vocational qualifications for people in training. Sir Ron rightly says that he expects the development of proper courses to take some years. The creation of vocational and technical dimensions in English schools has already been botched once since the last war. The same mistake must not be made again.

Struggle to square the Arctic circle

Hugh Carnegy on the chilly reception in northern Scandinavia for potential European Union membership

Descending in a clatter of helicopters and attended by a pack of journalists, Mr Jacques Delors, president of the European Commission, paid a visit to Irene and Ulf Johansson's dairy farm to see what agricultural life is like close to the Arctic Circle.

"He asked us about the subsidies we get and he visited the cow shed," recalled Irene. "He said farmers in the French mountains also have problems." She paused for a moment. "But I don't think it is as hard as it is here."

She is surely right. When Mr Delors visited last spring, the ground at Lillkorsträsk, in Sweden's northernmost county of Norrbotten, was still thick with snow. The little rough barley the Johanssons grow for cattle feed cannot be sown until the end of May. The growing season is about 130 days, half its length in southern Sweden or Denmark. By midwinter, when there are fewer than four hours of light a day, the temperature can fall below minus 20°C.

What keeps farmers like the Johanssons going are government subsidies, in their case for milk, accounting for about one-third of the farm's income. Despite Mr Delors' visit, Irene and Ulf are suspicious that Swedish membership of the European Union would mean a cut in subsidies and would undermine the support Stockholm has traditionally pumped into Sweden's remote northern regions.

As 1994 opens, the worries of people like the Johanssons loom large in the minds of ministers in Stockholm, Oslo and Helsinki. Along with Austria, a fellow member of the European Free Trade Area, the governments of Sweden, Norway and Finland must persuade their sceptical electorates to vote for entry to the EU in referendums if their applications for membership are to succeed. The aim is to join by January 1 1995 if possible – and if not, at least in time to participate in the EU's next intergovernmental conference on the future shape of the Union in 1996.

The EU has set March 1 as the deadline for completing accession agreements now being negotiated with the four Efta applicants. If the timetable is adhered to, the four will schedule referendums for later in the year.

Pulling off this latest round of enlargement, as the process is called, is scarcely less important to the EU itself than to the individual applicants. The 12 existing members have committed themselves at successive summits to bringing the Efta four into the Union.

Among the applicants, the issues of contention vary from country to country – and extend far beyond the question of support for Alpine, Arctic and sub-Arctic farmers. But as far as Sweden is concerned, Norrbotten offers a distillation of the opposition to membership. The latest opinion polls in the country's northernmost county show just 13 per cent in favour of membership, with 55 per cent against. This compares with national figures of between 25 and 30 per cent for membership and 45 to 48 per cent against.

If Swedes as a whole tend to feel at one remove, geographically and philosophically, from the rest of Europe, the 264,000 people who live in Norrbotten, 700km north of Stockholm, feel even more so.

The EU is prepared to put Norrbotten in its highest category of qualification for regional aid, because of unemployment above the national average of 14 per cent, the climate and the structural disadvantage of the long distances within the region and from the rest of the Union. But this has apparently made little impression in the county. As in the rest of the country, there is a feeling that Union membership will further erode traditional Swedish egalitarian policies towards disadvantaged groups and regions, already squeezed by three years of hard recession.

"We in the north of Sweden are going to be forgotten," says Morten Eriksson, a final-year high school student at Hermelinsskolan in Lulea, the county capital. "We won't mean much to the European Union." A show of hands among 22 of Morten's classmates – who will be eligible to vote in the referendum – revealed none in favour and eight against. If any of the remaining 14 were leaning towards a "Yes" vote, they were not prepared to admit it.

"No" and "Yes" campaigners alike say that a feeling that the Swedish way of life is threatened by Union membership underlies much of the opposition across the country. Ursula Berge, political editor of Norrländska Socialdemocraten, the opposition Social Democratic Party's newspaper in the region, says: "Opposition to the EU is about Swedish neutrality and our independent foreign policy, it is about equality between men and women, it is about unemployment, about regional questions and it is about Swedish sovereignty." The newspaper opposes the SDP's pro-EU stance.

In the minds of many, Ms Berge says, the recession and the unprecedented levels of unemployment are at least partially caused by the country's market-oriented policies which are designed to harmonise the economy with the Union. "We had very low unemployment for years – because of our economic, social and employment policies. It worked and people still think that it is possible to make it work again."

Just before Christmas, the right-centre government of Prime Minister Carl Bildt – as well as the opposition Social Democratic leadership – claimed a big victory in the accession agreement negotiations with Brussels. Sweden was allowed to keep its tough environmental regulations and its state monopoly on the sale of alcohol, and to escape an EU ban on the sale of "snus", the orally-taken wet snuff popular among Swedes.

These concessions were presented by the government and the Social Democratic leaders as evidence that the Union was not intent on remoulding Swedish society. If similarly favourable agreements are struck in the coming months on support for farmers and the regions, then the political establishment in Stockholm may find opinion easier to swing in favour of membership.

Farmers Irene and Ulf Johansson, for example, say their initial determination to vote "No" has been softened by concern that Sweden could be left isolated, especially if Finland or Norway decides to join the Union. "The level of subsidies will be the decisive issue for us," says Irene.

But a handicap for the "Yes" campaign is the lack of concrete advantages it can hold out for membership. Neither government nor industry, which is overwhelmingly in favour, pretends membership will suddenly boost the economy – especially as Sweden already enjoys most of the economic fruits of the Union through its membership of the European Economic Area.

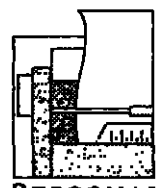
The gist of the "Yes" campaign is the rather defensive line that Sweden would be better off inside the Union, where it can wield some influence on policy, than outside, where it has no influence and where it may lose out on investment.

At least until there is a significant economic upturn, Swedes are reluctant to embrace grand new schemes which lead away from the certainties of the past, even if those certainties have been shaken. Examples of such feeling include the rebellion against car and truck-maker Volvo's plan to merge with France's Renault – fuelled to a significant degree by reluctance to see the symbol of Swedish manufacturing fall under foreign control – and nagging opposition to building a road and rail bridge to Denmark, the first fixed link between Sweden and the European mainland.

"After what has happened in Sweden over the last few years, people are inclined to say no to everything," says Mr Jan-Erik Bergmark, a senior executive at SSAB, the steel company with a big mill in Lulea. "The economy, employment – these are not going up yet. People are tired and when you are tired you tend to say no to new things."

It may be that the mood can be swung around. An economic recovery, anticipated this year, might make Swedes confident that their country would be strong enough to make its voice heard in a Union of 16. An accession agreement largely meeting Swedish concerns would help reverse the bleak image the EU has at present. EU supporters point out that opinion polls showed a majority in favour of membership less than two years ago. But in the dead of dark winter in Norrbotten, the heartland of opposition, signs of a thaw in opinion are hard to find.

UK's wrong turning on training



PERSONAL VIEW

The UK government has recently given two important clues to future policy directions on the links between education and training. First, it is launching a new apprenticeship scheme. Second, it is cutting the number of entrants to higher education this year by 3.5 per cent. There are good reasons for believing this is the wrong direction for the UK to be taking.

During the last decade, a series of studies comparing vocational training in the UK and other economies has made clear how limited a role UK companies played in the provision of effective initial vocational training for school-leavers.

The central problem has been a failure to understand the institutional preconditions required for the private sector to be heavily involved in the initial training of young people. In all the advanced economies in which the private sector plays a central role in such training (the Scandinavian economies, Austria, Germany, Switzerland, the Netherlands and Japan), there are strong and binding traditions of co-operation between companies and in long-term links between companies and banks. These "deep structures" of capitalism allow four things to happen which are necessary to persuade companies to commit serious resources to initial training:

1. Wage competition between companies is "managed", so companies do not fear that the employees they have trained will be poached.
2. Companies deal directly with highly resourced employer organisations (in which they have confidence) over the setting up, updating, monitoring and administration of training programmes. They do not have to deal directly with public training agencies (which they are likely in principle to distrust).
3. They have access to long-term finance.
4. With powerful employer organisations behind them, companies are prepared to allow unions an important role in both training policy-making and in day-to-day involvement.

British companies have none of these advantages. They can rely neither on non-market co-ordination with other companies, nor on long-term links with banks. Any attempt to develop an effective system of vocational training in the UK is thus unlikely to be successful.

The qualities increasingly in demand are social, organisational and computing skills

Different "systems" of capitalism, however, have different institutional comparative advantages. In a quite different area from vocational training, big changes have been occurring in the link between education and the UK economy. These changes are similar to, but lag behind, what has been happening in the US where, in the last decade or so, there appears to have been a radical change in the nature of skills required. This is especially so in the service sectors, where the skills that are increasingly in demand are not the type taught in vocational training, but are social, organisational and computing skills.

The route to social skills is the education system, but with academic quality of education mattering less than prolonged immersion in an environment in which communication with peers and self-organisation is important. The US, with more than 55 per cent of young people going into some form of higher education, has the educational pool which has been able to meet the demand for this type of labour force. Productivity in the US is still significantly greater than in Germany and Japan, and greater again than in the UK. Since this largely now reflects the performance of the US service sector, the mass higher education road is a potentially attractive one for Britain to go down.

The big changes in the UK appear to reflect the early stages of just such a direction. Preliminary results of the recent large-scale Employment in Britain Survey attach particular importance to social skills, suggesting a widespread increase in the demand for "higher social skills, for instance with respect to communication and handling people", and to computing skills.

Equally significant is the near doubling of the proportion of young people going on from school to higher education. This can be partially explained by the pressure of government education policies. But it is hard to resist the conclusion that the driving force is the changing nature of skill requirements. So it is difficult to understand why the government is braking the expansion of higher education, and re-emphasising apprenticeships.

David Soskice

The author is director of the Economic Change and Employment Institute of the German government's Social Science Centre, Berlin. He is an emeritus fellow of University College, Oxford

OBSERVER

Standard of criticism

■ Strange goings on at the Evening Standard. Yesterday's first edition carried a stirring feature by Stephen Fay, a well-known financial journalist, on why it was a tragedy that Paul Newall, the new Lord Mayor of London, had not picked up the customary knighthood. The City of London PR machine admitted it could not have written a better piece itself.

Hence some surprise when later editions carried a hurriedly rewritten feature under the same headline, "Turn again Mr Major and give this man a knighthood", by an unknown James Watson. The paper's switchboard had never heard of him.

The arguments were much the same and the only real difference was the conclusion. The mysterious Watson, who is understood to moonlight as editor of London's evening paper, did not support Fay's conclusion that future Lord Mayors should "cancel the trumpets, cross the prime minister's name off the guest list for the next Guildhall dinner, and let Mr Major find a more humble venue to tell us about the state of the nation".

Pity. Observer has always felt that it would be far healthier if London's monopoly on these state of the nation events was broken. Why doesn't John Major let Glasgow, Manchester and Birmingham have a go at staging the equivalent of the Mansion House/Guildhall dinners? It would do wonders for the morale of the regions.

By any other name

■ Arguably the world's toughest military assignment – or the most frustrating – is to pass to Britain's Lt Gen Sir Michael Rose, newly-appointed commander of UN forces in Bosnia. Just knighted, he may regard his projection into international prominence with mixed feelings. Both predecessors, France's Philippe Morillon and Belgium's Francis Briquemont got into deep water by taking a high public profile. The latter is leaving after complaining about having too few troops and being hounded by bureaucracy.

Sir Michael, 53, currently commanding the UK Field Army, may well be more discreet. Like Britain's Gulf war commander, Sir Peter de la Billière, the new man is a former special forces chief. During his time in the SAS he was awarded the Queen's Gallantry Medal. But what, for the army felt unable to say.

Life goes on

■ Being hounded from office for extra-marital activities is not necessarily a disaster. Although Tim Yeo will find circumstances a little tougher from the loss of his £51,402 salary as minister of state for the environment, he can of course still bank upon his MP's salary of £31,687.

He could also take a leaf out of David Mellor's book. The former heritage minister was given sharp handling by a media pack more interested in personal muck-raking than digging deeper into the financial and political Westminster miasmas.

Mellor's response? To build a thriving career as an arts columnist for The Guardian and occasional – and well paid – pundit for some parts of the very pack which once snapped at his heels. Yeo may yet pick up the pieces and some cheques – perhaps as golf writer for one of the tabloids.

'Nothing I'm afraid – even the Sinn Féin voice-overs look like drying up'

Cruellest cut

■ No wonder Jim Payne, one of the best-known souls in the Lloyd's reinsurance market, has opted to step down as vice-chairman of Sedgwick Group in March.

For where is he to effect his business? To the best of Observer's knowledge, nothing dreadful has happened to his immediate surroundings at Sedgwick Payne, where he was chairman until the end of last year. But his hairdresser, Parkes, something of an institution just around the corner from Lloyd's, has caught the Lime Street blight and shut up shop.

This is significant because Payne has been known, when up against a deadline and unable to raise a particularly crucial underwriter at his desk, to rush into the barber's brandishing a piece of paper to secure the vital signature on the multimillion risk between snips.

Mr Bobbie

■ If your ambition is to hobnob with City bigwigs, attend lots of banquets and ride the best police horses in the Lord Mayor's show, hard luck. It sounds as if the job of Commissioner of the City of London Police has been filled.

Bill Taylor, 47, an assistant commissioner at Scotland Yard, appears to have beaten Colin Coxall, the acting commissioner of the City Police, to a post which has been empty since Owen Kelly retired unexpectedly early.

Taylor will get more than £50m a year to police the Square Mile, so he need never worry about having to cancel Royal visits because of a shortage of funds. And given that reported crime in the City was 10 per cent down in 1992 compared with a 6 per cent rise across the nation, his bobbies should have plenty of time to capitalise on their success in tracking down fraudsters.

Not that the City is free of traditional crime. Commander Hugh Moore, the respected number three in the City Police, died last month, less than a fortnight after being mugged by a man he was trying to arrest in Old Jewry, near the force's headquarters.

PC Watch

■ Alas, political correctitude has reached Smythsons, the Queen's Bond Street stationers. Former recipients of The Smythson Businessman's Organiser, staple present for the man who has everything, now have to make do with the Business Organiser. "We still refer to it as the Businessman's Organiser here; it's the same thing," trills an assistant.

FINANCIAL TIMES
Thursday January 6 1994

France launches newly independent central bank

By John Ridding and Alice Rawsthorn in Paris

The French government yesterday completed the final stage of its creation of an independent central bank, appointing a nine-member council which will have autonomy in the conduct of monetary policy and the determination of interest rates.

Mr Edmond Alphandéry, the economy minister, described the establishment of the Bank of France's monetary policy council as "an historic step". He said the bank would be as independent as the Bundesbank in the formulation of monetary policy.

The reform, according to Mr Alphandéry, should strengthen the credibility of anti-inflationary policies and brings France into line with the requirements of the Maastricht treaty on European Union. Under the treaty, member countries must establish independent monetary authorities as part of the second phase of monetary union. The nine-member council will be headed by Mr Jean-Claude Trichet, the governor of the Bank of France, and his two deputies, Mr Hervé Hannoun and Mr Denis Ferman.

The six lay members, described by Mr Alphandéry as "respected and representative", are drawn from a range of occupations from journalism to industry. They include Mr Michel Albert, chairman of Assurances Générales de France (AGF), the state-owned insurance group, and Mr Michel Sapin, the former socialist finance minister.

The six lay members have nine-year terms, while the Bank of France officials have six-year terms. Economists and bankers in Paris said they did not expect any substantial changes in the conduct of monetary policy.

"Mr Trichet and other influential members of the council support the present policy of gradually reducing interest rates, while maintaining the stability of the currency," said one currency analyst. The newly independent central bank does, however, have some room to ease borrowing costs.

The return of the French franc to the narrow European exchange rate bands, from which it was forced following last summer's currency crisis, could allow a reduction in the intervention rate, the floor for money market rates, from its current level of 6.2 per cent.

Council members must give up their full-time jobs, a condition which creates a need for a replacement for Mr Albert at AGF. His departure for the monetary policy council creates a vacuum at the top of the country's third largest insurance group at a time when it is preparing for privatisation.

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Defenders of the franc, Page 2

US warns Japan against relying on a weaker yen

By George Graham in Washington

The US yesterday renewed its call for the Japanese government to stimulate the country's economy, and warned it not to hope for a weaker yen to pull it out of recession.

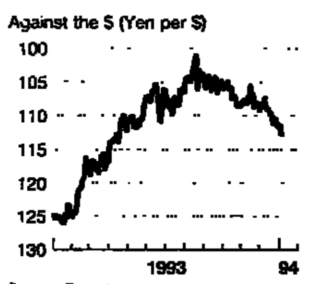
Mr Lloyd Bentsen, the US Treasury secretary, said Japan still had a huge trade surplus and could not look to the US and other countries to make up for slack domestic demand.

"Allowing the yen to slide is not an acceptable way out of recession for Japan," Mr Bentsen said in a speech yesterday at the Brookings Institution, a Washington think-tank.

Although foreign exchange traders had been waiting for Mr Bentsen's speech, the yen strengthened only modestly on his remarks.

Mr Bentsen said he wanted to see economic policies that would stimulate demand in Japan and

Yen



Source: Datastream

help Japanese consumers. "I think if they do that the yen will reflect it," he added.

Presenting an overview of the Clinton administration's economic policies, Mr Bentsen expressed confidence that the steps already taken to reduce the US federal budget deficit would bring more economic good news in 1994.

Growth had accelerated steadily throughout 1993 and should reach between 4 and 5 per cent in the fourth quarter, he said, while the inflation rate of 2.8 per cent was as low as it had been for years.

"This year I'd like to see us achieve a solid 3 per cent real growth – and hold inflation to approximately 3 per cent. That should allow interest rates to remain relatively low and reduce further the unemployment rate," Mr Bentsen said.

Noting that, like millions of US homeowners, he had refinanced his mortgage last year to take advantage of lower interest rates, Mr Bentsen said he had selected an adjustable rate mortgage, "which means I'm optimistic about what's going to happen to interest rates".

Although he said the budget deficit for the 1995 fiscal year, starting October 1, would be only about $190bn, much lower than the administration had earlier forecast, he warned that the budget would be very tight.

Croats are warned they face economic sanctions

By Laura Silber in Belgrade and Robert Mauthner in London

Mrs Madeleine Albright, US ambassador to the United Nations, warned Croatia yesterday that it could face international economic sanctions unless it stayed out of the Bosnian war.

The warning, issued during a news conference in Zagreb, the Croat capital, came as Moslem and Croatian negotiators in Vienna promised to make "firm efforts" to stop the war in central Bosnia at a top-level meeting in Bonn on Saturday.

Mrs Albright said the US was "very concerned" by the reported activities of the Croatian military in support of Bosnian Croat forces. "We have in a number of ways warned the Croatian government and military specifically on the subject," she said.

Her statement followed statements by President Franjo Tudjman and his senior officials that Zagreb might intervene directly to support Bosnian Croat forces encircled by Moslem-led Bosnian troops in the central Lasva valley.

In spite of government denials, UN officers and Lord Owen, the European Union's mediator on Yugoslavia, have claimed that Croatia has already given military help against both Moslems and Serbs.

In an interview on Britain's Channel 4 television last night, Lord Owen said the international community should react as strongly as it did to the Serbian military intervention in Bosnia in 1992.

Mrs Albright's strictures coincided with harsh criticism of all the participants in the Bosnian war from the Vatican, normally an unconditional supporter of Roman Catholic Croatia.

"No individual, much less politicians, can resign themselves to allow people to ravage each other and await a peace which would be the rotten fruit of exhaustion, or the crushing of one side by the other," a Vatican spokesman said.

Meanwhile, the joint statement issued in Vienna by Mr Haris Silajdzic, Bosnian prime minister, and Mr Mate Granic, Croatian foreign minister, said their plan to halt hostilities would be put to their respective presidents in Bonn on Saturday.

An agreement in Bonn is clearly a vital condition for progress at full-scale negotiations, including the Serbs, due to take place in Geneva on January 18.

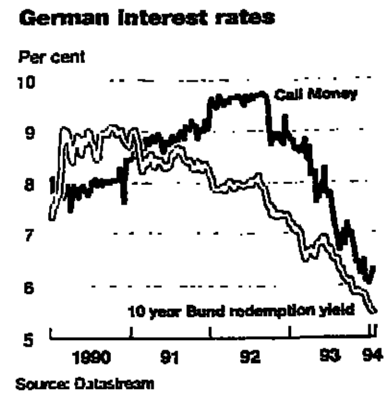
In Paris, the defence ministry said France was asking the US to help in two proposed operations in Bosnia to relieve Serb pressure on Moslem enclaves. It wanted air power and logistical support to lift the Serbian blockade of Tuzla airfield in northern Bosnia and allow a Danish armoured column to relieve the besieged town of Srebrenica.

THE LEX COLUMN

Kmart's store of trouble

FT-SE Index: 3379.2 (-29.3)

German interest rates



Source: Datastream

Kmart's disappointing earnings record over the past five years certainly demonstrates the need for management action. Yet its 1990 restructuring plan has clearly proved insufficiently bold to rejuvenate the company's fortunes and help it catch its arch-rival Wal-Mart. Yesterday's announcement of further store relocations and refurbishments, and the partial flotation of several specialist chains to help pay for it, is an attempt to tackle some of the problems. Many of Kmart's main discount stores remain too small and badly located to compete effectively against Wal-Mart. Its distribution network is also inferior to Wal-Mart's which boasts technological innovations such as satellite location of its supply lorries and three-dimensional bar coding of goods by product and destination.

But perhaps Wal-Mart's decisive advantage has been its devolved decision making and close integration with local communities. That has established it as the natural local store to visit – an image which Kmart will now find it hard to change. By contrast, Kmart's attempts to cluster its speciality sports equipment, books and office supplies shops around a spruced up Kmart store risks sending a confused and over-complex message to consumers. Some of the speciality retailing operations are good, but Kmart's involvement looks increasingly irrelevant. Kmart's share rating is now barely a third of Wal-Mart's. Full demerger and an overhaul of all aspects of the discount chain may be the only way to close part of the gap.

Germany

Today's Bundesbank council meeting faces a difficult decision on interest rates. Given the further rise in unemployment in December to a post-reunification high, the economic outlook is hardly encouraging. The 2.1 per cent drop in November industrial production makes it more or less certain that economic output fell in the fourth 1993 quarter while the 0.8 per cent drop in new orders does not bode well for the first quarter of this year. Since the Bundesbank seems generally satisfied that inflation is on a downward course, that would call for a further cut in official rates – especially since economic recovery could yield productivity gains which would help keep price rises under control.

Yet the Bundesbank cannot ignore the weakness of both the D-Mark and German bonds. Germany needs foreign capital to finance a budget deficit that remains uncomfortably high. At a time when there is talk of a monetary tightening in the US, the bank may not want to risk a rate cut which could precipitate further D-mark weakness. Higher bond yields would then make the deficit even more expensive to finance.

That calls for some delicate manoeuvring. The bank could leave the discount rate unchanged and simply cut its money market repurchase rate. But, at 25 basis points, the gap between the two rates is already small. Such a move would leave expectations of a discount rate cut later this month at fever pitch, so the D-Mark would probably weaken anyway. A better solution might be for the bank to get the discount rate cut out of the way now and use its repurchase operations to signal that money market rates will be allowed to catch up only slowly.

Hepworth

Trustees are much criticised for their passivity in defending investors, so it is refreshing to see Law Debenture Trust taking the initiative to the advantage of Hepworth's bondholders. While the company was entitled to force conversion of its £100m convertible issue last month, the timing meant bondholders stood to lose their final interest payment and understandably felt hard done by. Thanks to a wrinkle in the covenants, though, Law Debenture was able to convert on their behalf – after the interest payment date. An unusual purchase facility arranged through Cazenove allowed bondholders to buy back shares directly from the trustee yesterday rather than taking their chances in the market.

If the episode signals a new mood of activism among trustees, so much the better. Increased competition from insurance companies is certainly an incentive for established trustees to sharpen their act. But it would be better if similar sticky situations could be avoided in future. Covenants which make bondholders' entitlements to interest more explicit in such circumstances would be a good place to start. Ensuring that interest payment dates fall several weeks before conversion dates might also help avoid confusion.

Hepworth must have mixed feelings about the operation. The repurchase facility ensured an orderly market yesterday even though 8 per cent of the company's enlarged equity changed hands. Law Debenture's intervention will have pleased shareholders but cost £3m additional interest. With gearing falling from over 100 per cent to little more than 10 per cent now the issue is safely converted, Hepworth can afford to pay that price.

Granada/LWT

The failure of the 'quartet' of television companies to make music together severely impairs LWT's defence strategy. It may also expose Anglia to a bid and leaves Yorkshire-Tyne Tees' shares looking horribly overvalued. LWT will now have to rely on its defence that television companies will be re-rated as industry regulation is relaxed. But rival bidders may already be running scared of the prices being slapped on the table. Besides, budding media conglomerates are more likely to want programme copyrights than the right to run TV franchises.

Granada may try and despatch LWT quickly by pitching in with a higher cash offer. But it has some fine calculations to make if it does sweeten its terms. It will prove hard enough to generate sufficient cost savings to avoid earnings dilution at the bid's current level. A higher offer would only make the butchery more savage. While Channel 3 franchises may continue to command scarcity value, they face fairly dull trading prospects. Intensifying competition threatens to sap the strength of the advertising upturn. Channel 4 is proving adept at grabbing a bigger slice of the advertising cake while cable and satellite operators are nibbling away furiously, too.

Greece at odds with EU

Continued from Page 1

was "a provocation".

Mr Pangalos said the Skopje government had to guarantee to respect Greece's border, while Mr Papandreou hoped that those of his partners who had recognised Macedonia "will exert influence on them and not only on us".

Mr Jacques Delors, Commission president, yesterday steered well clear of the Macedonian controversy, in spite of fears in Brussels and member state capitals that it might provoke a fresh EU crisis.

Banesto credit plan

Continued from Page 1

Morgan's effort was led by Mr Roberto Mendoza, a Morgan vice-chairman, who also sat on Banesto's board.

Morgan estimated the over-valuation of Banesto's assets at Pta372bn, compared with the central bank's figure of Pta503bn.

Morgan drew up a plan late in the year to write down Pta265bn of Banesto's Pta7,000bn assets immediately, using Pta180bn of the bank's capital reserves and releasing a tax credit of Pta85bn.

According to the intervention document drawn up by the central bank, Morgan also intended to help Banesto raise up to Pta230bn of fresh capital over the following 18 months.

Measures would include issuing Pta60bn in convertible bonds, selling half of Banesto's controlling stake in Banco Totta y Acores of Portugal and possibly raising additional equity of up to Pta60bn.

But the document said the management had "shown themselves to be incapable of correcting the slow but inexorable decline in the bank's condition". The document argued that Morgan's plan was based on several over-optimistic assumptions about Banesto.

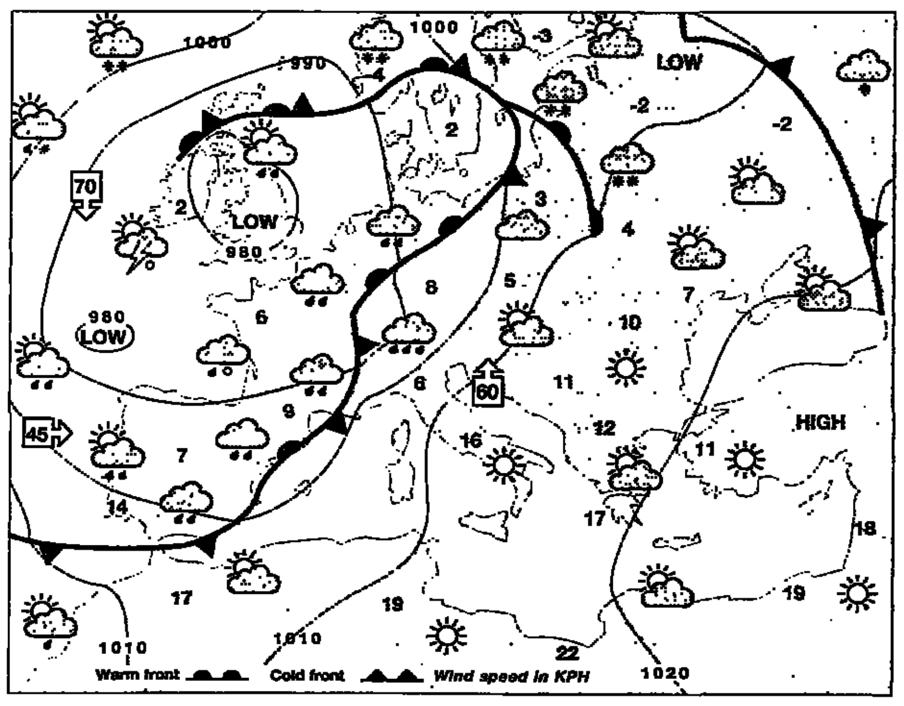
FT WEATHER GUIDE

Europe today

Scandinavia will be cloudy with snow at times. Maximum temperatures will be around 0C in southern regions. A depression over the British Isles will influence most of western Europe. The British Isles will be mainly overcast and showery with sleet and snow in northern and central districts. The western continent will be cloudy with heavy rain, especially in southern Spain and eastern France and Switzerland. Snow will fall above 1200 metres. Winds will increase over the Alps. A high pressure area centred on Turkey will bring long sunny spells to the Balkans and Italy. Maximum temperatures will be just above normal.

Five-day forecast

On Friday and Saturday, southern Scandinavia will have snow but from Sunday conditions will be brighter. Temperatures will be above 0C tomorrow, but will drop below freezing during the weekend. Showers will still linger over Spain and France tomorrow, but the weekend will be mainly dry. From Saturday, low pressure will bring heavy showers to Italy. Cloud will increase over the Balkans this weekend but rain is not expected.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	26
Accra	sun	31
Algiers	fair	19
Amsterdam	shower	5
Athens	fair	18
B. Aires	shower	31
B.ham	sleet	1
Bangkok	fair	35
Barcelona	rain	12
Beijing	sun	2
Belfast	cloudy	1
Belgrade	sun	11
Berlin	cloudy	6
Bermuda	cloudy	22
Bogota	cloudy	20
Bombay	sun	30
Brussels	shower	7
Budapest	fair	8
C.hagen	shower	4
Cairo	sun	19
Cape Town	sun	26
Caracas	cloudy	27
Cardiff	sleet	1
Chicago	snow	-3
Cologne	rain	7
D' Salaam	shower	30
Dakar	sun	25
Dallas	fair	18
Delhi	sun	24
Dubai	sun	26
Dublin	shower	2
Dubrovnik	fair	14
Edinburgh	sleet	3
Faro	rain	15
Frankfurt	rain	8
Geneva	rain	6
Gibraltar	rain	14
Glasgow	sleet	2
Hamburg	rain	5
Helsinki	snow	-3
Hong Kong	fair	25
Honolulu	fair	27
Istanbul	fair	11
Jersey	rain	8
Karachi	sun	26
Kuwait	fair	25
L. Angeles	sun	21
Las Palmas	fair	21
Lima	cloudy	27
Lisbon	shower	13
London	rain	4
Lux.bourg	rain	6
Lyon	rain	11
Madeira	shower	19
Madrid	rain	7
Majorca	fair	16
Malta	sun	19
Manchester	sleet	1
Manila	cloudy	30
Melbourne	shower	19
Mexico City	sun	17
Miami	sun	25
Milan	shower	3
Montreal	fair	-18
Moscow	snow	-4
Munich	rain	9
Nairobi	cloudy	25
Naples	fair	15
Nassau	shower	25
New York	cloudy	0
Nice	shower	10
Nicosia	sun	17
Oslo	snow	-3
Paris	rain	7
Perth	fair	29
Prague	cloudy	5
Rangoon	sun	33
Reykjavik	fair	-4
Rio	cloudy	26
Riyadh	sun	27
Rome	sun	15
S. Frsco	sun	13
Seoul	fair	2
Singapore	fair	31
Stockholm	snow	2
Strasbourg	rain	8
Sydney	fair	35
Tangier	rain	14
Tel Aviv	sun	18
Tokyo	shower	10
Toronto	snow	-9
Tunis	fair	18
Vancouver	fair	3
Venice	fair	5
Vienna	fair	7
Warsaw	cloudy	3
Washington	cloudy	1
Wellington	fair	19
Winnipeg	snow	-22
Zurich	rain	7

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday January 6 1994

IN BRIEF

Borden to sell off salty snacks

Borden, the US food and wallpaper group that last month sacked its chairman and chief executive, has unveiled plans for a restructuring aimed at reversing a slump in sales and profits. Its loss-making salty snacks business – the second biggest in the US with sales of $750m last year – is to be put up for sale, along with its seafood, jam and jelly businesses. Page 14

Mobile in Belgium
Belgacom, Belgium's state-owned telephone company, and Pacific Telesis International of the US, have launched a new mobile phone network for Belgium. Page 14

Tokyo prepares for exits

The delisting last month by three international companies from the Tokyo Stock Exchange hardly came as a surprise. They are likely to be followed by others, as the cost of a presence in Tokyo is not matched by the prestige of a listing on the world's second-largest exchange. Page 16

Lucas shapes up in US
Lucas, the UK motor components and aerospace group, is restructuring its disparate North American aerospace activities acquired during the industry's heady boom of the late 1980s. Page 18

Enterprise Oil sells Ninian stake
Enterprise Oil has sold its 18.5 per cent interest in the Ninian oilfield, one of the North Sea's largest, to Chevron UK, Murphy Petroleum and Oryx UK, three of the existing seven partners in the field. Page 18

ICL moves to protect profits
ICL, the UK-based computer company in which Fujitsu of Japan has a majority stake, is to establish its UK manufacturing and supply business as a contract electronics business. The move is part of plans to protect ICL's profitability in the face of persistently weak computer markets. Page 19

Crabtree scrapes past target
Crabtree, the Tyneside-based manufacturer and supplier of metal decorating presses, has reported operating profits of £3.013m ($4.45m) for the 12 months to September 30, 1993. Mr Karl Watkin (left), chairman, and his partner, managing director Mr Matt Cooper, had warranted that Crabtree would make a £3m pre-tax profit, and pledged to repay £5 for every £1 of any shortfall. Page 19

Doubt over Gatt passage
Mr Mike Espy, US agriculture secretary, cast doubt on the acceptance by the US Congress of the recent General Agreement on Tariffs and Trade yesterday when he said its passage will not be "automatic". Page 20

Rising lure of emerging markets
International institutional allocation to emerging markets rose by 3 percentage points to 13 per cent of overseas funds in 1993. Back Page

UK television merger called off
London Weekend Television and Yorkshire-Tyne Tees Television, will today announce that their merger talks are off.

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)

Rises			
Berliner Kraft	258	+	18
Porsche	770	+	20
Rheinmetall	340	+	20
Falls			
Asko Prf	960	−	20
Bayer Vereinsbk	558	−	14
Commerzbank	385	−	12.5

NEW YORK ($)

Rises			
Apple Computer	33	+	1¼
Fed Paperboard	24	+	1¼
Intl Paper	71⅛	+	1⅜
Merck	37½	+	1⅛
Falls			
Borden	18⅝	−	1⅜
Burlington Coat	20	−	1⅛

PARIS (FFr)

Rises			
Elex	2985	+	135
Euro RSCG	630	+	20
GTM-Entrepose	553	+	27
Radiotechn	414	+	26
Falls			
Air Liquide	847	−	23
Pernod Ricard	424	−	10.8

TOKYO (Yen)

Rises			
Ajinomoto	1340	+	140
Fujitsu	888	+	12
Hazama	535	+	72
Isuzu Motors	305	+	26
Sony	5840	+	220
Falls			
Mitsubishi Est	913	−	7

New York prices at 12.30.

LONDON (Pence)

Rises			
Alders	218	+	14
Banks (SC)	248	+	28
Brandon Hire	47	+	7
Capital Radio	580	+	20
Crabtree	284	+	13
Haynes Publ	395	+	20
LWT	626	+	20
London Intl	147	+	7
Lonrho	140½	+	6½
Peek	84½	+	8½
Saatchi & S	145	+	10
Scholes	895	+	18
Tadpole Tech	301	+	28
Tiphook	75	+	9
Tower Hire	42	+	6
United News	676	+	22
Yorks-Tyne TV	192	+	18
Falls			
Barclays	614	−	20
Dares Estates	5½	−	2½
Glaxo	693	−	23
ICI	783	−	25
P & O Dfd	819	−	19
Riva	18	−	7
SmKl Beecham A	381	−	15

US retailer to raise cash from specialty units as it warns of earnings slump after heavy charges

Kmart to offer shares in subsidiaries

By Richard Tomkins in New York

Kmart, the US retailing giant which is under pressure to revitalise its flagging financial performance, yesterday has announced that restructuring charges aimed at improving profitability would wipe $1.3bn off pre-tax profits in the year to January 26.

The company warned that the effect of the charges, translating into $850m after tax, would combine with disappointing sales to produce a slump in earnings to a level "well below" the previous year's net income of $941m.

But it tempered the bad news with a plan to sell shares in four of its specialty retailing subsidiaries in a series of targeted stock offerings, aimed at realising the hidden value of these relatively small parts of the business. The group's shares fell $¼ to $21.

The $1.3bn restructuring charge, which comes in addition to previously announced after-tax charges of $450m relating to the disposal of the PACE Membership Warehouse and PayLess Drug Stores operations, will go mainly towards the cost of closing, relocating or refurbishing Kmart's discount stores in the US and Canada. Kmart is already entrenched in a store renewal programme announced in February 1990, but that plan is now being expanded in an attempt to invigorate sales.

Mr Joseph Antonini, chairman and chief executive, said discount store profits fell in 1993 because clothing sales were flat and consumers traded down to lower-margin goods in other departments.

In addition, profits at the group's Builders Square subsidiary were hit by severe storms last winter, the PACE membership warehouse operation incurred an $87m operating loss in the first nine months and the group suffered a higher interest charge.

As part of the plan to revitalise the group, Kmart will raise cash by selling shares representing 20-30 per cent of the equity of its four niche retailing subsidiaries: Builders Square, OfficeMax, The Sports Authority and Borders-Waldenbrooks.

Kmart's existing shares will become shares in the discount store operation, with the new shares in each of the four subsidiaries trading separately. Kmart intends to retain majority stakes in all four companies, at least initially.

The scheme is similar to those adopted by Ralston Purina, the animal feed manufacturer, which issued shares in its Continental Baking subsidiary, and by USX Corporation, which issued shares in its US Steel and Marathon Oil operations.

Mr Antonini said: "By focusing on five strong businesses and enhancing our financial flexibility, Kmart Corporation will be positioned for improved strategic and financial performance in the highly competitive retail markets of the 1990s."

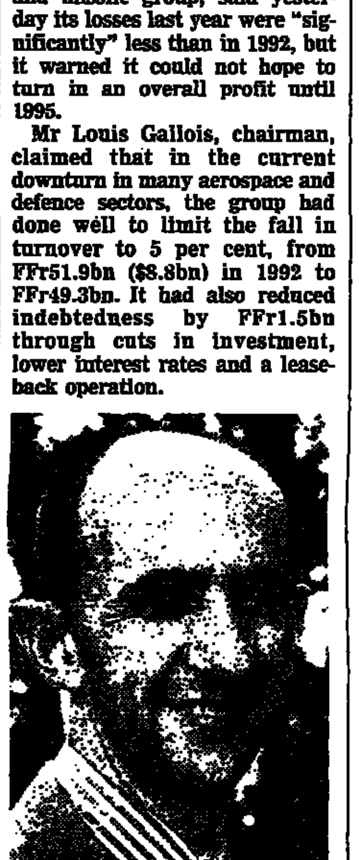
Lex, Page 12

French aircraft group cuts its losses

By David Buchan in Paris

Aerospatiale, the French aircraft and missile group, said yesterday its losses last year were "significantly" less than in 1992, but it warned it could not hope to turn in an overall profit until 1995.

Mr Louis Gallois, chairman, claimed that in the current downturn in many aerospace and defence sectors, the group had done well to limit the fall in turnover to 5 per cent, from FFr51.9bn ($8.8bn) in 1992 to FFr49.3bn. It had also reduced indebtedness by FFr1.5bn through cuts in investment, lower interest rates and a lease-back operation.



Gallois: 'We have hit the bottom of the swimming pool'

But Mr Gallois was pessimistic about the near future. Last year orders fell sharply to FFr29bn, from the FFr39bn level booked in 1992, mainly due to the catastrophic market for aircraft carrying more than 100 passengers and depressed demand for civil helicopters.

"We have hit the bottom of the swimming pool," he said, but he could see no sign of a recovery before 1996-97.

The military and space business had done better last year, with Aerospatiale winning Turkish and Dutch orders for the military helicopters it makes in its Eurocopter joint venture with Deutsche Aerospace (Dasa) and selling more missiles, Mr Gallois claimed, than any other European company.

It was continuing negotiations with Dasa to form joint ventures in missiles and space equipment, along the lines of Eurocopter.

Aerospatiale, which lost FFr2.38bn in 1992 and FFr870m in the first half of last year, is on the Balladur government's privatisation list, but Mr Gallois acknowledged it was "impossible to privatise a company with the sort of balance sheet that Aerospatiale has at present".

However, it was possible that the government might soon allow other companies to take a limited stake.

Possible candidates include French companies such as Alcatel and the Lagardère group, or indeed Dasa itself.

Andrew Jack looks at far-reaching proposals to curtail acquisition accounting

Creativity will be brought to earth

"I'll be checking the wheel nuts on my car from now on," joked Mr David Tweedie, chairman of the UK Accounting Standards Board, after unveiling tough new proposals on the way companies account for acquisitions.

If implemented, the rules will substantially reduce the scope for companies to manipulate profits by creating generous pre-acquisition provisions in the balance sheet for items such as stock writedowns and reorganisation charges. These costs by-pass the profit and loss account of the acquirer, and the unused provisions can later be released to bolster profits.

Some even argue the new restrictions may reduce the level of acquisition activity by UK companies.

In a frenzy of activity last month, the board issued drafts of three standards likely to change fundamentally the future shape of financial reporting: on provisions, capital instruments and goodwill. All three threaten some of the most favoured weapons filling the arsenal of creative accountants in the late 1980s.

Mr Tweedie may be given to jovial turns of phrase, but behind the humour lies serious concern at the abuses of the past – and a recognition that the battle for reform will be difficult. He describes acquisition provisions as the "black hole" of British accounting. "If I could put one thing right with accounts this would be it," he says.

His objection is to what he calls "big bath" accounting, by which companies can throw in large provisions supposedly to cover a multitude of future expenses. These "fair value adjustments" are placed in the reserves of the acquirer and can be released to the profit and loss account.

Financial reporting exposure draft 7 (Fred 7) on fair values in acquisition provisions, issued in December, toughens up the position considerably. It restricts the scope for excessive write-downs on stock, and forbids provisions for reorganisation and integration costs or future operating losses.

Provisions versus the purchase price

Examples of acquisition reorganisation provisions expressed as % of consideration

Company	Date	Consideration £m	Provisions £m	Provs/Consid %
BTR	year to Dec 92	96.0	54.0	56.2
British Gas[2]	Apr 92	130.0	55.0	42.3
ICI[4]	year to Dec 92	59.0	20.0	33.9
Allied-Lyons[1]	Dec 92	308.0	80.0	26.0
Hanson	year to Sep 93	1199.0	290.0	24.2
Grand Met	year to Sep 92	229.0	40.0	17.5
BICC[1] [3]	Feb 92	132.5	18.0	13.6
Tomkins	Sep 92	990.5	90.4	9.1
Thorn EMI[2]	year to Mar 93	653.7	48.5	7.4
Cadbury Schweppes[1]	Apr 92	183.6	9.2	5.0

(1) Major acquisition only
(2) Acquisition provisions, not just reorganisation provisions
(3) Consideration includes future options and is an estimate of total
(4) Acquisition provisions = total fair value adjustments
Source: Company Reporting

Up till now, the scope for widespread use of pre-acquisition provisions has been plentiful under SSAP 22, the existing accounting standard dealing with goodwill – the difference between the net asset value and the purchase price of an acquired business.

A classic instance is cited by Mr Terry Smith, the City analyst, in his book "Accounting for Growth". In the year to March 31 1989, all but £4m of the £56m ($82.88m) in profits of Coloroll, the collapsed home furnishings company, came from the release of provisions rather than from its operations.

"For two to three years after an acquisition it is damned difficult to see where the profits are coming from," says Mr Tweedie.

Some tightening up took place under Exposure Draft 53, the non-mandatory guidance issued by the board's predecessor, the Accounting Standards Committee, in 1990. It called for a ban on provisions for future earnings, and far tighter rules on reorganisation expenses.

But the scope for substantial – though not necessarily unjust – provisions remains. A survey by Company Reporting, the Edinburgh-based accounts monitoring service, shows that of companies with turnover above £300m which made acquisitions during 1991 and 1992, provisions were an average of 35 per cent of the purchase price. The table shows examples from the most recent accounts of large companies.

In spite of an expected lull over Christmas, the document on pre-acquisition provisions has already begun to attract flak.

Mr Allister Wilson, a technical partner with Ernst & Young, the accountancy firm, says: "I think the ASB has thrown the baby out with the bathwater. Clearly there has been wholesale abuse. Perhaps British business has only got itself to blame."

He argues for a compromise which would still allow scope for some reorganisation provisions, in line with generally accepted accounting standards in the US.

Mr Roger Davis, head of audit at Coopers & Lybrand, argues that reorganisation expenses are a form of capital expenditure as part of the purchase price of a company.

Some argue that the proposals may dissuade companies from making acquisitions. However, Mr Nigel Stapleton, chief financial officer of Reed-Elsevier and the new chairman of the 100 Group of finance directors of leading British companies, is doubtful. "I think this was probably a necessary area of attention. Most companies look at acquisitions on a cashflow basis, not for short-term earnings enhancement. Wise readers of accounts are already looking at figures on a Fred 7 basis.

"There will be a certain amount of beating of drums, but this represents a sensible move to what is emerging in international accounting standards," he says.

The ASB has made some dilutions from its earlier discussion document, which was issued in April last year, including removal of strict requirements forbidding any provisions being made within six months of an acquisition. But it has been unmoved on its principal recommendations, which could be issued in final version by the end of the year.

If pre-acquisition provisions are not enough, Tweedie warns that more is to follow. The board is now preparing work on an accounting standard dealing with the ordinary provisions companies make, which are also open to abuse.

GBL launches rights issue for acquisitions

By Andrew Hill in Brussels

Belgium's two largest holding companies are in the market for acquisitions, after Groupe Bruxelles Lambert yesterday launched a rights issue which could raise BFr13.5bn ($378m) over the next five years.

A senior executive at GBL, Belgium's second largest holding company, said last night the cash would be used to increase stakes in favoured subsidiaries, back new projects and seek out new purchases. "This simplifies acquisitions, that's for sure," he said.

The GBL rights issue should allow Mr Albert Frère, GBL's chairman, to keep up with his counterpart at Société Générale de Belgique, Viscount Etienne Davignon, who indicated last year that Belgium's largest holding company was seeking acquisitions after four years of cost-cutting and retrenchment.

La Générale raised BFr22.5bn in September with the sale of its 43 per cent stake in CBR, its cement subsidiary, and offered a 12.5 per cent stake in Union Minière, the metals group, to the market in November, thereby raising a further BFr7bn.

Under the terms of the GBL rights issue, which runs for two weeks starting on Friday, investors will be offered one new share and three warrants for every 30 shares already owned.

Each share-and-warrant package has been priced at BFr4,600, raising BFr3.5bn immediately. Subscribers will be able to exercise their warrants at BFr4,400-a-share up to the end of 1998.

GBL, which already has net cash of BFr5bn, owns large stakes in Petrofina, the Belgian oil company, Banque Bruxelles Lambert (BBL) and CLT, the Luxembourg-based TV, radio and media group, among others.

Some 49 per cent of GBL is owned by Pargesa, Mr Frère's Swiss-based holding company, and 10 per cent by UAP, the French insurer. Both will take up the same proportion of the rights issue. Pargesa is to underwrite a further 7 per cent, and BBL, Banque Paribas Belgique and NM Rothschild the rest.

Before the pricing was announced, GBL's shares closed at BFr4,050, up BFr45 on the day and their highest since 1990.

Buyers may leave Glaxo drug

By Daniel Green in London

Glaxo could suffer a sharp slowdown in sales of its biggest-selling product, the ulcer treatment Zantac, later this year, according to a survey published yesterday by Goldman Sachs, the US stock broker.

The survey found that a large majority of healthcare buyers in the US will "allow or encourage less use of Zantac" after May. The US accounts for half of Zantac's £2.2bn ($3.3bn) a year sales. May sees the expiry of US patents on one of the drug's main competitors, Tagamet, made by the Anglo-US company SmithKline Beecham.

After that date the active ingredient of Tagamet can be made by manufacturers of unbranded generic drugs.

Previous examples of drugs leaving patent protection indicate that prices can fall by up to 90 per cent.

Zantac and Tagamet work on a similar principle, which helps explain why healthcare buyers would consider a change to save money, even though Zantac outsells Tagamet by three to one.

Glaxo responded to the survey by saying that sales would not be affected by "making a cheaper rival cheaper". But the prospect of healthcare buyers actively switching to generic Tagamet hurt Glaxo shares, which fell 23p to 693p yesterday.

Goldman Sachs said that any fall in Zantac sales would not take place "very quickly". Glaxo became the world's second biggest drugs company during the 1980s thanks to Zantac.

Borden unveils plans for shake-up and sale of units

By Richard Tomkins in New York

Borden, the troubled US food and wallpaper group that last month sacked its chairman and chief executive, yesterday unveiled long-awaited plans for a restructuring aimed at reversing a slump in sales and profits.

Its loss-making salty snacks business – the second biggest in the US with sales of $750m last year – is to be put up for sale, along with its seafood, jam and jelly businesses with turnover of $500m.

The pasta, dairy, and other grocery businesses will be kept, as will the company's wall-covering and adhesive businesses.

Borden will seek to restore profits growth to the retained businesses by increasing sales and cutting $100m to $125m a year from costs.

Mr Frank Tasco, who replaced Mr Anthony D'Amato as chairman in December, said: "The goal of this programme is to build shareholder value by focusing on and revitalising our best businesses."

However, the restructuring will hurt in the short term. Borden will take charges of $650m to after-tax profits in the fourth quarter of 1993, mainly because the loss-making businesses will have to be sold at a price below their book value.

The result will be an after-tax loss of $590m to $600m for 1993, or $4.18 to $4.26 a share. The previous year Borden recorded net losses of $439.6m after charges for an earlier restructuring.

The restructuring plan envisages the annual dividend being halved to 30 cents a share in the year just begun, reflecting the likelihood of a modest recovery in earnings to a level "at the upper end of the 75 cents to $1 a share range" of analysts' estimates.

The shares shed $2 to $16¼ in early trading on the New York stock exchange yesterday.

Mr Ervin Shames, Borden's chief executive, said the North American salty snack business, comprising seven large regional operations, could be sold in total or in parts. The aim would be to complete all sales by the end of this year.

Mr John McMillin, an analyst at Prudential Securities, said possible buyers of the salty snack business might include other snack manufacturers, such as Nabisco of the US or United Biscuits of the UK, but the main interest was likely to be in the store distribution networks rather than the loss-making snacks themselves.

He predicted piecemeal sales totalling $250m to $300m, with the seafood, jam and jelly businesses fetching considerably less.

MCA joins consortium for Osaka theme park

By Martin Dickson in New York and Michael Skapinker in London

MCA, the Japanese-owned US entertainment group, announced yesterday it was joining a consortium to develop a theme park in the Japanese city of Osaka, which would be modelled on its Universal Studios park in Florida.

Universal Studios Japan will cost more than $1bn to build. Construction will begin in 1996 and the park is scheduled to open in the spring of 1999.

Other members of the consortium include the city of Osaka and companies based in the city, including Matsushita Electric Industrial, MCA's parent.

MCA said yesterday the Rank Organisation, which is its joint venture partner in Universal Studios in Florida, might also be involved. In London, Rank said it had the right to take part but no obligation, and was considering its options.

The park development is a by-product of Matsushita's $6bn takeover in 1990 of MCA, which owns Hollywood's Universal film studios as well as theme parks in California and Florida based on its movies. It is the first major project by the two companies in Japan.

Mr Frank Stanek, head of MCA Enterprises International, said equity participants would include both MCA and Matsushita but it was too early to give a breakdown of investors' stakes.

The park will be built on a waterfront site owned by industrial companies involved in the consortium, and might be followed by the development of adjacent properties as a complete urban resort.

The success of Tokyo Disneyland, which attracts some 16m visitors a year, suggests there is a strong Japanese taste for theme parks.

MCA believes that an Osaka site, some three hours by train from Tokyo, will tap a different market from Disneyland. It also hopes to attract South-east Asian visitors, helped by Osako's new airport opening later this year.

Swiss telecoms group's scramble

Ian Rodger examines Ascom's struggle to regain credibility after last year's reports of heavy losses

Such is the sorry state of Ascom that a newspaper article yesterday reminding investors the Swiss telecommunications equipment maker had lost a semi-exclusive contract with the local PTT was enough to cut 5 per cent off the value of the shares.

Ascom responded quickly, pointing out it had just signed a new contract for selling private branch exchanges (PBX) to the PTT, and expected to maintain its dominant position in this SFr300m ($202m) a year market. But to little immediate effect.

The group lost most of its credibility in the financial community last year when its profit forecasts were overtaken by reports of heavy losses. It sacked its chief executive, Mr Leonardo Vannotti, early last month and announced its third divisional reorganisation in as many years.

But no one expects a quick turnround. Ascom was formed in 1987 from the merger of three traditional protected suppliers to the Swiss PTT. It was then apparent that the domestic market would be liberalised, and the hope was that a merged group could acquire sufficient scale to become a competitive international supplier.

Today, the prevailing view among analysts and perhaps even within the group is that it cannot.

"This is a classical example of a merger that did not work," says Mr Roland Leutenegger, an analyst at Bank Julius Baer in Zurich.

The problem, analysts say, is that none of the group's main businesses is large enough to be internationally competitive. Moreover, the group does not have the resources to buy large scale, and a stifling ownership structure prevents it from raising new capital.

The Hasler Werke Foundation, owner of the largest of the predecessor companies, has a 54 per cent voting stake and is required by its statutes to maintain a majority. However, as it has only modest resources, it cannot allow Ascom to raise new equity capital nor make large scale, equity related joint ventures.

Since Mr Vannotti's departure, the shares have risen about 20 per cent, apparently in anticipation of a tough turnround expert being appointed as the new chief executive. But analysts are sceptical.

"The problem is not as simple as in other turnrounds," Mr Volkan Göçmen, an analyst at Geneva bankers Pictet & Co, says.

The group has some successful product lines that it could sell off in a first stage, such as its payphones and ticket vending and automatic teller machines. But it has no businesses where it could be reasonably certain that massive new investment would pay off, he argues.

In the directors' December restructuring announcement, they said the three new divisions would operate independently to "facilitate co-operation with one or more industrial partners". They have also appealed to the Swiss government to alter the statutes of the Hasler Foundation.

Agreement has already been reached to hive off the loss-making private mobile radio division to a joint venture that would be controlled by Germany's Robert Bosch and observers expect that co-operation arrangements with Ericsson of Sweden in transmission products will be expanded.

Recent interest in the shares may therefore be a play on the group's net asset value. At the end of 1992, this was SFr2.45bn or SFr2,600 a share. The 1993 loss is widely expected to be close to SFr300m or SFr700 per share, but that would still leave the book value above yesterday's close of SFr1,375 per bearer share.

Mr Leutenegger rates the shares a hold on this basis, even assuming the need to devalue some assets.

Mr Göçmen is more sceptical. "Who is going to be interested in buying telecoms production capacity in Switzerland?" he asks.

Imasco sees upturn in earnings

By Robert Gibbens in Montreal

IMASCO, the financial services, tobacco and retailing group, is streamlining its fast food business and expects improved earnings for 1994.

Fully-owned Hardee's Food Systems is selling 84 marginal Roy Rogers restaurants in the Philadelphia area to Boston Chicken for C$30m (US$23m), requiring a special C$14.6m after-tax charge against Hardee's fourth-quarter earnings.

Hardee's will concentrate on building the Roy Rogers chain in Baltimore, Washington and New York. In all, Hardee's operates more than 4,000 corporate and franchised restaurants in 40 states and 11 countries overseas.

Imasco, 40 per cent held by BAT Industries of the UK, earned C$283.5m, or C$2.24 a share, up 5 per cent, in the first nine months of 1993.

Sales were C$12.3bn, up 2 per cent.

VNU expects to beat forecast with 12% rise

By Ronald van de Krol in Amsterdam

VNU, one of the Netherlands' top three publishing groups, expects to report a 12 per cent increase in 1993 net profit before extraordinary items, slightly better than its earlier forecast of 10 per cent growth.

In 1992 VNU reported net profit of Fl 128m ($66m) on normal activities before taking an extraordinary charge of Fl 80m to cover the sale of its printing operation in early 1993.

In August VNU had predicted a 10 per cent rise in 1993 net profit, in line with results for the first half of the year.

Mr Joep Brentjens, chairman, described the performance as satisfying because the company had raised profits and margins in spite of the unfavourable economic climate. Final figures for 1993 will be released in the spring.

VNU said yesterday it posted substantially better results in consumer magazines in the Netherlands; business magazine operations, which span six European countries; business information services in the US; educational publishing; and commercial television in Belgium and the Netherlands.

● Robeco, the Dutch-based investment fund manager, said assets under management rose by 42 per cent to a record Fl 65.8bn ($34bn) in 1993 from Fl 46.4bn in 1992.

The surge was due to an increase in the value of assets, reflecting buoyant capital markets, and a 25 per cent rise in client base to 600,000 investors.

Robeco's strategic partnership with Rabobank, the Dutch co-operative bank, yielded around Fl 5bn in new funds from investors seeking to compensate for the decline in interest paid on savings accounts.

Robeco said all its investment funds showed "excellent" results last year.

The group's flagship Robeco equity fund, which invests in shares around the world, achieved a performance of 30.0 per cent in 1993, compared with 9.6 per cent in 1992.

PacTel and Belgacom launch Belgian mobile phone network

By Andrew Hill in Brussels

Belgacom, Belgium's state-owned telephone company, and Pacific Telesis International of the US, yesterday launched a mobile phone network for Belgium and promised even closer co-operation.

The network, which started operating on January 1, is the fruit of a five-month alliance, the first between a public European telephone operator and a private cellular phone company. The launch strengthens another link in the growing network of strategic alliances between telecoms groups in Europe and the US.

PacTel, part of Pacific Telesis – one of the seven regional US telecoms companies – said yesterday it would go on to build a formal joint venture with Belgacom. PacTel will own 25 per cent of the subsidiary, and expects to conclude a deal by the middle of this year.

Mr Jan Neels, PacTel International's president and chief executive, said the subsidiary would be responsible for the digital "GSM" mobile phone system launched yesterday, and Belgium's existing analogue cellular network, which could be phased out as clients switch to the Europe-wide GSM network.

"If there is an opportunity, which is a good fit for Belgacom and ourselves, we could work together in other areas . . . in Belgium or outside Belgium," added Mr Neels, a Belgian citizen. He said the development of paging services might be one such opportunity.

Mr Bessel Kok, Belgacom's chief executive, said the GSM system – Proximus – had signed up more than 2,500 subscribers since January 1.

The European Commission is still examining Belgian legislation which prevents a competitor entering the mobile phone market, which it believes could be incompatible with European competition rules.

Mr Kok said the establishment of an efficient mobile phone subsidiary meant Belgacom had met all three targets it set itself for 1993.

The group had also reduced the time taken to connect new customers, and launched a new image, more in line with its growing autonomy from direct government control.

The Belgian government has repeatedly indicated it wants to privatise part of Belgacom, possibly as early as this year. But senior Belgacom executives believe this may be too soon, given that restructuring is still under way, and the group must prepare for full liberalisation of the European telecoms market by 1998.

PacTel is itself being spun off from its parent company, which also owns the California company Pacific Bell.

Cartel office warns Krupp over unit sale

Germany's cartel office said the Krupp Hoesch steel group was obliged to sell its shock absorber unit Krupp Brueninghaus and that a change in market conditions could not excuse the company from breaking an agreement with the cartel office, Reuters reports from Berlin.

The cartel agency said Krupp, which as part of its 1992 acquisition of Hoesch had agreed to sell the unit by the end of 1993, had not fulfilled that requirement. "In order to ensure the guarantees are fulfilled, the cartel agency will make use of all its rights to break up this cartel," the agency said.

The group recently told the cartel office it could not fulfil the requirement to sell the unit because of extremely negative economic developments.

Krupp Hoesch shock absorber operation has annual sales of about DM900m ($517m).

BSkyB deputy takes over at Asian satellite Star

By Raymond Snoddy

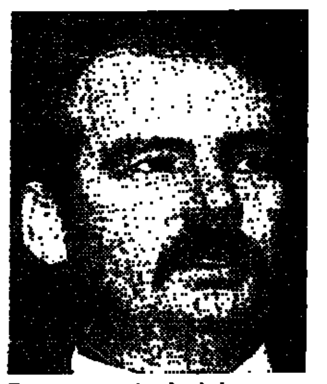
Mr Gary Davey, deputy managing director of BSkyB, is taking over as chief executive of Star TV, the Asian satellite venture, "with immediate effect".

Mr Davey, who worked for Sky Television since 1983, before its merger with BSB to form BSkyB, replaces Mr Jim Griffiths, who began running the five-channel Star in August after Mr Rupert Murdoch's *News Corporation* took a majority stake in a $525m deal.

The previous chief executive of Star, Mr Julian Mounter, decided to resign soon after Mr Murdoch took control.

Star, which broadcasts by satellite to 38 Asian countries, is now believed to be available in more than 20m homes.

Last year Mr Murdoch made it clear that he wanted to have specially tailored services for India and China, because they were such different cultures. A separate Indonesian service could follow later.


Davey: new star in Asia

One possibility is a specially dedicated channel for the Indian sub-continent. At the moment the package distributed everywhere includes BBC World Service Television, MTV and a Chinese language channel.

The future of the BBC channel on Star was yesterday said to be "under discussion"; there is said to be a break point in the contract later this year. Star has been planning the launch of a pay television film service in Asia for some time, but no firm launch date has been set and the matter is said to be under review.

Mr Sam Chisholm, managing director of BSkyB, a consortium in which News Corp has a 50 per cent stake and Pearson, owners of the Financial Times, has a stake, remains in overall charge of both BSkyB and Star.

Pearson's bid for Star failed because the company insisted that Star founder and Hong Kong billionaire Mr Li Ka-shing remain an investor until after the return of Hong Kong to Chinese rule.

More job cuts possible, says Digital's European president

By Alan Cane

Mr Vincenzo Damiani, Digital Equipment's newly appointed European president, yesterday outlined a detailed plan to restore growth and profitability to the US computer company's European operations.

Some 400 staff at the company's headquarters in Geneva, Switzerland, yesterday heard him prescribe measures to regenerate growth, improve efficiency and develop closer relationships with customers and business partners.

He said it was a "distinct possibility" that more jobs would be lost in Europe than the 3,000 planned for this financial year. Digital employs some 30,000 people in Europe.

Yesterday's meeting was the first in a 60-day programme of visits throughout Europe at which Mr Damiani, who was a senior manager with International Business Machines before joining Digital last December, intends to explain his plans to the European workforce.

Digital was at one time second only to IBM among computer manufacturers, but it has been hit by falling prices and moves by customers to smaller, industry-standard computer systems. European markets traditionally provide Digital with half its revenue, but weakness in Italy and Germany contributed to a 9 per cent fall in operating revenues in the first-quarter results.

Mr Damiani was with IBM for 29 years, His final appointment there was general manager for marketing and services. A member of IBM's management elite, his move to Digital was met with some surprise by former colleagues.

Mr Damiani's objectives for the company will be met, he says, by 10 "action points". He intends, for example, to focus Digital's resources on small and medium-sized companies while identifying a number of niche markets in specific industries and for specific products.

A major aim will be to increase marketing and selling competency while forming new relationships with business partners – software houses and systems integrators able to add value to Digital's hardware. The company has pinned much of its hopes on its high powered "Alpha" microprocessor chip, but the market has proved slow to develop and Digital has found it difficult to grow sales of its newly-introduced personal computer ranges beyond its existing customers.

Mobil hit by one-off $250m charge

By Richard Waters in New York

The slump in world oil prices has forced Mobil, the US energy group, to announce a $250m charge to cover a write-down in the value of its inventory.

However, the one-off hit is unlikely to be matched by write-downs at other big oil groups when the industry reports its full-year results shortly.

Mobil's charge, a non-cash item which will be recorded in its results for the fourth quarter of 1993, arises from the timing of the company's move to last in, first out accounting (lifo) for the oil inventory of its international operations.

The company made the switch in 1982, after the oil price surge of 1979. Other big oil groups are all believed to have adopted lifo accounting before 1979.

As a result, the book value of Mobil's inventory is higher per barrel than its competitors, forcing it to take a charge when oil prices fall sharply.

● Trans World Airlines, the US carrier which emerged from Chapter 11 bankruptcy protection in November, said it had parted with its top two executives: Mr William Howard, chairman and chief executive, and Mr Glenn Zander, vice-chairman, writes Richard Tomkins.

In a terse statement, TWA said the two had resigned. Mr Zander was said to have left for personal reasons but there was no explanation for Mr Howard's departure.

TWA said Mr Howard's place would be taken by Mr Donald Craib, an existing board member who was formerly chairman and chief executive of Allstate Insurance Group. Mr Robin Wilson, vice-chairman and chief operations officer, would retain those positions, the company said.

Tokyo's high price of prestige

Fewer foreign companies are willing to pay, reports **Wayne Aponte**

After four consecutive years of declining Japanese equity prices, Tokyo Stock Exchange (TSE) officials are conditioned to expect the worse.

The delisting last month by three international companies hardly came as a surprise. But the news was one more blow to the TSE's plans to make Tokyo a truly international exchange.

Each of the three – Imperial Chemical Industries (ICI), Dial Corp., and ITT – said maintaining a Tokyo listing was a heavy financial burden, and complained about a decrease in shareholders and a drop in trading volume.

They are likely to be followed by other international companies, as the cost of a presence in Tokyo is not matched by the prestige of a listing on the world's second-largest exchange.

TSE officials hoped that a listing would be essential for both a foreign company's global image and for its business relations in Japan. Mr Eisuki Nagatomo, the director of the TSE's office of listing supervision, said that the exchange was disappointed that "so many foreign companies" have delisted over the past two years, and that no new companies were interested in listing.

"Japanese investors don't have an interest in their shares because they can't gain substantial profits," he said.

Brokers say that Japanese private investors have received high dividend yields from some foreign issues during the last decade, but the yen's appreciation against western currencies has erased the capital gains, making them less attractive investments.

The primary reason for the recent exodus from the TSE's foreign section, however, is the plunge of the Nikkei Stock Average of 225 issues coupled with the subsequent decline in investor interests and local shareholders.

The Nikkei-225 average, which reached an all-time high of 38,915.87 in late 1989, ended 1993 near 17,000, and market participants have little reason to hope for a big increase in Japanese equity prices this year.

Ten foreign companies withdrew from the exchange in 1993, bringing the total of listed companies on the foreign section of the TSE down to 110.

TOKYO SE
Average daily trading in foreign stocks

	Volume (m shares)	Value (Ybn)
1985	461	2,994
1986	1,110	4,129
1987	2,756	12,661
1988	792	2,913
1989	1,928	11,235
1990	1,041	8,193
1991	613	2,116
1992	349	635
1993	237	410

Source: Tokyo Stock Exchange

During 1992, high-profile companies such as General Motors, Philips Electronics, and Avon, the US-based cosmetics and toiletry manufacturer, delisted. Nynex, the US communications company, and Robeco, the Netherlands-based banking and insurance company, have sought a delisting next month.

Brokers say there are few good reasons for international companies to maintain a presence on the exchange amid Japan's prolonged weak economy and financial markets.

Average daily trading volume on the foreign section of the TSE peaked in 1987 with 2.75m shares; but for September 1993 it totalled 295,000 shares.

Only those companies that deem a Tokyo listing indispensable for their core business, rather than for financing from Japanese investors, are likely to remain.

The daily exposure that comes with a Tokyo listing does have value in Japan, and does help build domestic business relationships. But, balanced against the cost, international companies have not been receiving the benefits over the past few years that they expected. The high cost of translating documents into Japanese and issuing financial reports to the finance ministry have only added to their economic woes.

In the case of ICI, the overall annual cost of a Tokyo listing in 1992 was about $182,000, the company said. ICI's shareholders plunged to 39 in 1993 from 1,200 in 1988, it added.

The question facing the TSE this year is how many more companies will find this cost too much to bear.

GE Capital takes 20% stake in ship management company

By Charles Batchelor, Transport Correspondent

General Electric Capital Corporation has acquired a 20 per cent stake in V Ships, a Monaco-based ship management company, in a move which is expected to lead to increased investment by GE Capital in the shipping sector.

V Ships is one of the largest ship management companies, maintaining and crewing vessels for their owners and, to a lesser extent, providing and operating vessels for investors seeking to put funds into the shipping sector. It has 150 ships under management.

The company is currently jointly owned by Vlasov Group, a shipowning company, and by its own directors. Both will reduce their holdings to 40 per cent.

The price of the transaction was not revealed.

GE Capital has historically provided leasing finance and subordinated loan finance to the shipping industry, while it is also has a large container leasing arm.

The demand for new vessels built to higher environmental standards, including the provision of double-hulled tankers, and the ageing of the present fleet is expected to lead to substantial new shipping investment over the next few years.

An investment in V Ships will enable GE Capital to address these issues better, the two companies said in a joint statement.

GE also expects to be able to pursue more extensive shipping projects, normally involving investing in vessels under management.

News of the GE/V Ships deal comes within a few months of a spate of equity issues by shipping companies in London, New York and Scandinavia.

Dickson sells holding in Hong Kong optician

Dickson Concepts, the Hong Kong-based fashion retailer and wholesaler, announced yesterday it is to sell its controlling stake in Innovisions to a mainland company, writes **Louise Lucas in Hong Kong.**

Maxton International, 60 per cent owned by the subsidiary of a state-owned enterprise, Shenzhen Building Materials Industrial Group Company, will subsequently make a general offer for all outstanding shares in Innovisions, an optician and optical goods retailer.

Earlier attempts to sell Innovisions had to be aborted last month after the would-be buyer and Dickson Concepts failed to agree terms.

INTERNATIONAL CAPITAL MARKETS

Traders' hopes for German rate cuts fade

By Conner Middelmann in London and Frank McGurty in New York

After rallying sharply in the last weeks of 1993, European bond markets have started the new year on a sour note, and continued their recent slippage yesterday as traders scaled back expectations for imminent German monetary easing.

Before the Christmas break, the Bundesbank had been widely expected to cut key lending rates early in the year, said Mr Stephen Dulake, bond strategist at PaineWebber International.

However, "there was an air of speculation about the December rally", and the latest correction in European bond prices might be seen as a shake-out of short-term speculative positions rather than concerted investor selling, Mr Dulake said.

Amid D-Mark weakness and a lack of fresh economic data, few market participants expect the Bundesbank's central bank council to cut official interest rates at today's meeting.

"The most we can expect is a fixed-rate repo at a slightly lower rate, around 5.90 per cent," said Mr Stuart Thomson, senior economist at Nikko Europe.

However, such a move would leave the repo rate only 15 basis points above the discount rate, which is "too tight for comfort," he said.

GOVERNMENT BONDS

Others felt the Bundesbank might hold the repo rate unchanged at 6 per cent, but lower the discount rate to make room for future easing. Since early December, the Bundesbank has held the repo rate at 6 per cent.

Meanwhile, Bundesbank council member Mr Jürgen Koebnick said in a radio interview that "the level of short-term interest rates is too high for the recession that we find ourselves in," and that the Bundesbank would continue to lower rates in the course of 1994. However, he stressed that the Bundesbank must ease cautiously in order to maintain exchange-rate stability, as Germany relies heavily on capital inflows.

The March bund futures contract ended at 100.81, down 0.15 point from Tuesday's close.

■ Rate cuts in Denmark and Austria led their bond markets to outperform Germany. After the Danish central bank lowered its discount rate by 25 basis points to 6 per cent, the Danish 10-year yield spread over its German counterpart narrowed to 50 basis points, from 55 on Tuesday.

Austria cut its Gomex rate by 10 basis points to 6 per cent and its 10-year yield premium over bunds shrank to around 21 basis points, from 25 at Tuesday's close.

■ French bonds tracked bunds lower, leaving the 10-year yield gap over Germany unchanged at 10 basis points. The notional futures contract on Matif fell 0.04 point to 130.38.

■ UK gilts also weakened as the market paused after its year-end rally. "Gilts haven't had a significant correction during their recent run, and many investors are taking a breather," said Mr Jan Laury, head of gilts sales at Daiwa Europe.

The March long gilt future fell by 3/16 to 118 13/16.

■ Having flirted with optimism in the previous session, the US Treasury market turned gloomy yesterday morning amid further signs of economic acceleration.

By midday, the benchmark 30-year government bond was 11/16 lower at 98 1/32, with the yield rising to 6.394 per cent.

At the short end, the two-year note was down 1/16 at 99 27/32, to yield 4.283 per cent.

Prices ebbed in early trading as profit-takers capitalised on a burst of buying late on Tuesday.

The upturn, the first in seven sessions, comes after news suggesting sales growth in the car and retail sectors was easing.

However, yesterday's economic news was stronger than expected and undercut any confidence on inflation that had been restored the day earlier. The Commerce Department reported November factory orders rose 1.4 per cent, against forecasts of 1.3 per cent and an October increase of 1.2 per cent.

The data exerted further pressure on the long end of the market, which is most sensitive to developments that could trigger higher consumer and producer prices.

Traders expect no significant movements until Friday, when December employment figures are due.

Abbey National launches $1bn three-year offering

By Sara Webb

Abbey National was the focus of attention yesterday as the UK bank launched a $1bn, three-year deal.

Abbey National is a fairly frequent borrower and has already launched large five-year and 10-year deals in the Eurodollar sector.

However, Mr Gareth Jones, Abbey National's treasurer, said that he was keen to tap investor demand for the US currency by launching a short-dated issue, given the current uncertainty over the direction of US interest rates.

"We believe this will be the new three-year benchmark issue," said one syndicate official, noting good demand from institutional investors on the continent.

The proceeds of the bonds, which have a 5 per cent coupon, were swapped into floating rate dollars to provide funding at "a few basis points above Libor", Mr Jones said.

The market continued to see plenty of post-holiday activity with new issues in a wide range of currencies, particularly the Eurolira sector.

Yesterday saw the launch of a total of L650bn of Eurolira

INTERNATIONAL BONDS

deals, following Tuesday's total of L950bn.

Syndicate officials are also expecting a L1,000bn issue soon from the European Investment Bank.

From the issuers' point of view, the flood of Eurolira issues reflects the relatively attractive swap opportunities, mainly into US dollar floating and fixed rate.

Eurolira specialists point out that the sector had been practically devoid of new issues since early December, and in the secondary market Eurolira issues are trading well above par.

Some syndicate managers admitted that demand was slack, which they attributed to the holiday mood.

However, they hope investors will be lured by the high coupons available and the prospect of a cut in Italian interest rates.

In the other higher-yielding European sectors, Goldman Sachs is expected next week to bring a substantial global bond issue, denominated in Finnish markka, for Finnish Export Credit. The initial tranche will be for between FM1.5bn and FM2bn, with the issue increasing to about FM3bn later in the year.

The bonds, which will have a maturity of between five and seven years, are expected to offer a relatively high coupon, combined with the prospect of declining interest rates and an improving economic background.

Total Eurobond issuance in Finnish markka in 1993 amounted to $70m equivalent.

Record turnover for European exchanges

By Conner Middelmann

Turnover on futures and options exchanges across Europe reached record levels last year, according to figures published yesterday.

The London International Financial Futures and Options Exchange traded 101,875,805 contracts, up 42 per cent over 1992 and passing the 100m mark for the first time. Average daily volume rose to a record 402,671 contracts.

Germany's futures and options exchange, the Deutsche Terminbörse (DTB), also set records, with 50.1m contracts traded – a 44 per cent increase over 1992. Average daily volume was 199,115 contracts.

DTB trading in options on the Dax share index rose by 53 per cent to 21.4m contracts. The biggest increase in volume was in Bobl-futures trading, which rose by 172 per cent to 4.5m contracts.

The French futures and options exchange, the Matif, saw a slightly less dramatic increase in trading volume, up 30 per cent over the 1992. Turnover totalled 72,263,961 contracts, bringing average daily volume to 287,000 lots.

The total number of exchange-traded equity derivative contracts cleared last year on OLMX, the London securities and derivatives exchange and OM Stockholm was 11,888,438, an increase of 23.5 per cent on 1992.

CBoT to offer options on US Treasury futures

The Chicago Board of Trade will tomorrow launch its answer to over-the-counter interest rate swaps, offering flexible options on its active 30-year US Treasury bond futures and 10, five- and two-year Treasury note futures, writes Laurie Morse in Chicago.

The options allow traders to select expiration date, European or US expiration styles, and strike price.

The CBoT traded more than 30m standardised options contracts on its Treasury bond and note futures contracts last year. The new options, which have a face value of $2m at maturity, are aimed at institutional investors seeking a low-cost alternative to swaps.

CGIP follows trend with FFr994m issue

By Alice Rawsthorn in Paris

CGIP, the holding company, has become the latest French group to take advantage of the buoyant Paris financial markets, by announcing a FFr994m convertible bond issue.

The company, which last year took part in a high-profile deal to raise its stake in CarnaudMetalBox, the Anglo-French packaging group, is giving existing investors first claim to the issue by offering them one convertible bond for every eight shares that they already own.

The new bonds will be priced at FFr1,350 each, against a market price of FFr1,218 for CGIP shares, which fell FFr32 yesterday.

CGIP's industrial interests include a stake in the Cap Gemini Sogeti computer services concern. It has been keen to raise new capital since the CarnaudMetalBox deal, which depleted its cash resources and prompted it to sell a number of assets.

The CGIP issue follows a recent stream of cash-raising exercises by French companies. Crédit Commercial de France, the banking group, this week announced a share issue of between FFr1.3bn and FFr1.5bn.

● Unedic, the French unemployment benefit fund, has asked banks for proposals on how best to launch a bond worth up to FFr22bn, Reuter reports from Paris.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Abbey Natl.Treasury Services	1bn	5.00	100.125R	Jan.1997	0.20R	+32 (4¾%-96)	Goldman Sachs/ Lehman
Siam Commercial Bank(a)§	150	(3½-3⅞)	100.00	Jan.2004	2.50	-	Merrill Lynch Intl.
D-MARKS							
DSL Finance	1bn	(b)	(b)R	Feb.1999	0.25R	(b) (5⅝%-98)	Dresdner Bank
Bayernhypo Finance	500	6.00	101.10	Feb.2004	2.50	-	Bayerische Hypobank
YEN							
OKB‡	30bn	(c)	107.816	Jan.2001	undiscl.	-	Nikko Europe
STERLING							
LB Schleswig Holstein	100	6.50	98.40R	Feb.2004	0.35R	+38 (6¾%-04)	Daiwa Europe
FRENCH FRANCS							
Credit Foncier de France(d)	3bn	5.75	99.20R	Nov.2002	0.30R	+22 (8½%-02)	Banque Nationale de Paris
GUILDERS							
Rabobank Nederland(e)	200	5.875	101.95	Jan.2002	1.00	-	Rabobank Nederland
ITALIAN LIRE							
General Electric Capital Corp.	250bn	7.375	101.40	Feb.1999	1.875	-	Paribas Capital Markets
Crédit Local de France	200bn	7.50	101.875	Jan.1999	1.875	-	JP Morgan
Bayerische Hypobank	200bn	7.85	101.685	Feb.2001	1.875	-	Banca Euromobiliare
CANADIAN DOLLARS							
CCDC(d)	100	8.25	99.65R	Dec.1999	0.275R	+48 (5¾%-99)	Hambros Bank

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. §Convertible. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Fixing: next week. Conv premium indicated 20-25%. Mandatorily convertible after 5 yrs subject to conditions including 140% rule. Redemption linked to baht. b) Priced today at 11-13bp over Bobl 108. c) Coupon: 6-mth Libor +0.7%. d) Short 1st coupon. e) Block trade. Fungible with outstanding Fl500m.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	121.9200	+0.740	6.66	6.60	6.84
Belgium		9.000	03/03	116.8600	-0.260	6.49	6.35	6.82
Canada *		7.500	12/03	106.0500	+0.250	6.65	6.57	6.79
Denmark		8.000	05/03	112.9700	+0.120	6.13	6.10	6.37
France	BTAN	8.500	05/98	111.8800	-	5.02	6.04	6.07
	OAT	6.750	10/03	107.8400	-0.020	5.70	5.66	6.07
Germany		6.000	09/03	102.7800	-0.270	5.62	5.58	5.86
Italy		9.000	10/03	102.7400	-0.600	8.58†	8.47	9.31
Japan	No 119	4.800	06/99	111.7970	+0.050	2.36	2.43	2.57
	No 157	4.500	06/03	110.5530	+0.120	3.06	3.05	3.26
Netherlands		6.500	04/03	106.2400	-0.200	5.61	5.53	5.83
Spain		10.500	10/03	115.1500	-0.200	8.18	8.14	8.54
UK Gilts		9.750	01/98	114-02	-7/32	5.76	5.60	5.79
		8.000	06/03	112-04	-17/32	6.28	6.09	6.46
		9.000	10/08	123-05	-16/32	6.53	6.40	6.76
US Treasury *		5.750	08/03	99-03	-4/32	5.87	5.69	5.80
		6.250	08/23	98-03	-7/32	6.39	6.24	6.28
ECU (French Govt)		8.000	04/03	113.9600	-0.040	5.99	5.92	6.36

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	130.52	130.38	-0.04	130.56	130.26	170,305	135,155
Jun	129.98	129.86	-0.04	129.98	129.80	779	9,774
Sep	129.10	128.98	-0.04	129.10	129.00	18	2

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Feb	Calls Mar	Calls Jun	Puts Feb	Puts Mar	Puts Jun
127	-	-	-	-	0.10	0.43
128	-	2.53	-	0.06	0.18	0.66
129	-	1.72	1.88	0.12	0.34	0.97
130	0.74	1.04	1.30	0.34	0.65	1.44
131	0.26	0.53	0.88	0.88	-	-
132	0.05	0.23	0.52	-	-	-

Est. vol. total, Calls 19,745 Puts 30,429. Previous day's open int., Calls 207,494 Puts 244,898.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	101.07	100.84	-0.12	101.11	100.76	117445	138897
Jun	101.01	100.79	-0.12	101.01	100.78	66	1247

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10050	0.79	1.18	0.45	0.89
10100	0.53	0.92	0.69	1.13
10150	0.33	0.71	0.99	1.42

Est. vol. total, Calls 13833 Puts 13700. Previous day's open int., Calls 174929 Puts 100051

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.47	103.46	+0.05	103.48	103.38	1649	11911

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	118.18	117.67	-0.32	118.25	117.44	37592	80326
Jun	118.20	117.77	-0.27	118.20	117.75	5	197

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11750	1.69	2.93	1.52	2.66
11800	1.42	2.69	1.75	2.92
11850	1.19	2.46	2.02	3.19

Est. vol. total, Calls 593 Puts 554. Previous day's open int., Calls 37158 Puts 38701

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	105.10	104.70	-0.24	105.17	104.40	44,915	61,712
Jun	104.85	104.65	-0.37	104.85	104.40	164	7,978

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	119-17	118-24	-0-20	119-18	118-22	70502	102314
Jun	118-30	118-04	-0-16	118-30	118-08	58	78

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
118	1-40	2-09	0-56	2-01
119	1-05	1-42	1-21	2-34
120	0-43	1-16	1-59	3-08

Est. vol. total, Calls 3876 Puts 5177. Previous day's open int., Calls 76961 Puts 40558

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	121.66	121.52	-0.04	121.72	121.46	2,094	12,513
Jun	96.84	96.84	-0.26	96.84	96.84	50	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	114-14	114-05	-0-02	114-20	114-02	327,711	290,063
Jun	113-11	113-02	-0-02	113-17	112-31	2,632	13,304
Sep	112-12	112-03	-0-03	112-16	112-02	924	19,262

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	117.20			117.28	117.20	907	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Wed Jan 5	Day's change %	Tue Jan 4	Accrued interest	xd adj. ytd
1 Up to 5 years (25)	129.76	-0.11	129.91	1.98	0.00
2 5-15 years (22)	162.43	-0.28	162.89	2.28	0.10
3 Over 15 years (8)	188.79	-0.39	189.52	2.05	0.00
4 Irredeemables (6)	226.49	-0.38	227.34	1.43	0.00
5 All stocks (61)	157.06	-0.25	157.45	2.16	0.05
Index-linked					
6 Up to 5 years (2)	191.31	-0.05	191.41	1.30	0.00
7 Over 5 years (11)	192.49	-0.30	193.07	0.81	0.00
8 All stocks (13)	191.43	-0.28	191.96	0.85	0.00
Debentures and Loans					
9 Debs & Loans (65)	151.68	-0.22	152.01	2.29	0.11

	Low coupon yield Jan 5	Jan 4	Yr. ago	Medium coupon yield Jan 5	Jan 4	Yr. ago	High coupon yield Jan 5	Jan 4	Yr. ago
5 yrs	5.70	5.66	7.14	5.93	5.87	7.48	6.01	5.97	7.72
15 yrs	6.41	6.37	8.23	6.52	6.48	8.65	6.74	6.69	8.90
20 yrs	6.50	6.47	8.49	6.57	6.53	8.85	6.75	6.71	8.98
Irred.†	6.62	6.59	8.85						

	Inflation 5% Jan 5	Jan 4	Yr. ago	Inflation 10% Jan 5	Jan 4	Yr. ago
Up to 5 yrs	2.16	2.13	2.58	1.33	1.30	1.78
Over 5 yrs	2.82	2.90	3.82	2.75	2.72	3.64

	5 year yield Jan 5	Jan 4	Yr. ago	15 year yield Jan 5	Jan 4	Yr. ago	25 year yield Jan 5	Jan 4	Yr. ago
Debs & Loans	7.25	7.26	8.88	7.56	7.54	9.78	7.68	7.66	9.98

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 5	Jan 4	Dec 31	Dec 30	Dec 29	Yr ago	High*	Low*
Govt. Secs. (UK)	106.57	106.91	107.60	107.58	107.56	94.16	107.60	93.28
Fixed interest	131.15	131.68	132.03	131.71	131.49	109.57	132.03	109.67

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 132.03 (31/12/93), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Jan 4	Dec 31	Dec 30	Dec 29	Dec 24
Gilt Edged bargains	73.7	34.5	61.4	51.1	36.8
5-day average	51.5	52.5	59.6	65.9	76.2

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1993/94 High	1993/94 Low
"Shorts" (Lives up to Five Years)						
Treas 8½pc 1994	8.48	5.28	100⅞xd		102½	100⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Notes	Yield Int	Yield Red	Price £	+ or -	1993/94 High	1993/94 Low
8pc 2003‡‡	7.13	6.27	112¼	-11/32	113½	97½
10pc 2003	7.95	6.40	125⅜	-15/32	127½	109⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Notes	Yield (1)	Yield (2)	Price £	+ or -	1993/94 High	1993/94 Low
Index-Linked (b)						
Treas. 2pc '94 (102.9)	-	-	136⅝	+⅛	136⅝	131⅝
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]

● "Tap" stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:55 pm on January 5

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100⅛	100⅜		6.47
AlbertaProvince 9⅜ 95	600	108¼	108⅝		4.50
Austria 8½ 00	400	113⅜	113⅝		5.81
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7¼ 97	5500	106⅞	107	+⅛	5.09
Volkswagen Intl Fin 7 03	1000	103⅜	103⅞	-⅛	6.50
World Bank 0 15	2000	28⅞	28⅝		5.90
World Bank 5⅞ 98	300	103¼	103½	-⅛	4.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Issued	Bid	Offer	Chg.	Yield
Alliance Leics 11⅞ 97 £	100	115½	116	-¼	6.08
British Gas 12¾ 95 £	300	108⅛	108½	+⅛	4.99
British Land 12½ 16 £	150	141⅞	141⅞	-1⅛	8.54
EIB 10 97 £	637	111¾	112⅛	-⅛	5.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

[illegible]

CONVERTIBLE BONDS

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Enterprise Oil raises £51m from Ninian disposal

By David Lascelles, Resources Editor

Enterprise Oil has sold its 18.5 per cent interest in the Ninian oilfield, one of the North Sea's largest, to Chevron UK, Murphy Petroleum and Oryx UK, three of the existing seven partners in the field. The price was $75m (£50.6m).

Enterprise acquired the interest in 1986 when it bought ICI's exploration and producing interests.

Mr Graham Hearne, Enterprise's chairman and chief executive, said the sale formed part of the company's continuing programme of portfolio management. Proceeds would be redeployed in the business.

Enterprise has been steadily unwinding its older North Sea assets. Last year it sold its interests in the mature Hutton and North West Hutton fields. As a result of these sales, it has relinquished its remaining interest in the Sullum Voe oil terminal and the Brent and Ninian pipeline systems which feed it. Its strategy is to use the proceeds of sales to fund acquisitions which will enhance the quality of its oil portfolio.

● Clyde Petroleum announced yesterday that it had sold its 1 per cent interest in the Forties field to BP for about £5m.

● Hamilton Oil has been given approval by the Department of Energy to develop the Lennox oil and gas field in block 110/15 in Liverpool Bay. Monument Oil and Gas has a 23.9 per cent interest in the block, which will be reduced to 20 per cent following completion of the sale of a 3.9 per cent interest to PowerGen.

Sidney C Banks shares respond to profits leap

Shares of Sidney C Banks, the Bedfordshire-based grain and agricultural specialist, yesterday rose 28p to 248p on news of a 35 per cent improvement in pre-tax profits to £2.06m for the half year to October 31.

The advance, from last time's £1.53m, reflected the full benefit of marketing stocks and grains held over at the end of the previous financial year.

Turnover slipped to £114.3m (£119.2m) due to reduced volume from the 1993 harvest and lower grain prices.

The interim dividend is lifted from 3p to 3.5p from earnings of 15.6p (12.4p) per share.

Mr John Burr, who yesterday stepped down as chairman, said all divisions of the group were operating profitably while market share had been increased and margins maintained.

He was succeeded as chairman by Mr Alistair Mitchell-Innes, former chief executive of Isosceles and deputy chairman of HP Bulmer.

For the 1992-93 year the group benefited from the integration of acquisitions and reduced interest charges and achieved a rise in pre-tax profits from £2.29m to £2.87m.

Hillsdown sells its remaining abattoir

By Maggie Urry

Hillsdown Holdings has completed its exit from the red meat slaughtering industry with the sale of its last abattoir, in Ipswich.

Over the last two years it has sold 25 abattoirs – 11 in 1992 and 14 in 1993 – which had become lossmaking due to severe over-capacity in the industry.

Hillsdown made a provision against losses on the disposal programme which appeared as part of a £92.3m extraordinary charge in the 1992 accounts.

Analysts believe the provision relating to abattoirs totalled about £30m and Hillsdown is expected to have utilised the whole of this covering losses on trading and on the sales of the abattoirs.

However, the abattoir sales should have released significant working capital. The sale was completed on December 31, also the last day of Hillsdown's financial year.

Hillsdown's abattoirs were largely acquired when it bought FMC in 1983. It had invested to bring the abattoirs up to new EU standards, originally due to be introduced on January 1 1993, but later deferred until 1996.

This delay exacerbated the over-capacity in the industry partly caused by changes in EU export subsidies which reduced the throughput of abattoirs.

Hillsdown has also announced the sale of its 67 per cent stake in Schils, a Dutch group of companies which make milk substitutes fed to veal calves. The buyer is the Schils management which is also the minority partner.

Extending the shake-up to the US

Paul Betts reports on the restructuring taking place at Lucas Aerospace

From Silicon Valley to Los Angeles, from Salt Lake City to Jamestown in the bitterly cold plains of North Dakota, Lucas has launched a sweeping restructuring of its disparate North American aerospace activities acquired during the industry's heady boom days of the late 1980s.

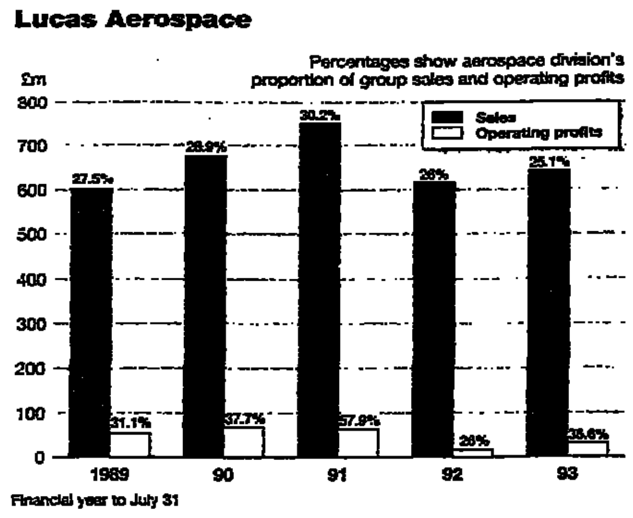
A large aircraft maintenance facility in Santa Barbara, California, acquired three years ago, has just been closed with the loss of nearly 400 jobs. A Los Angeles-based aircraft engine gear business, bought in 1987, is being transferred to a new facility near Salt Lake City, Utah, to reduce costs. This activity employed 1,200 people at its peak in 1986: the new plant will employ only 200.

An essentially defence orientated subsidiary, Lucas Zeta, at San Jose in the heart of California's Silicon Valley, is diversifying fast into the civil market. When Lucas bought it in 1989, about 90 per cent of its $20m (£13.5m) a year turnover involved microwave and communications activities for the defence sector. The civil sector now already accounts for 40 per cent of annual turnover.

Like the rest of its UK and continental European operations, the US has not escaped the restructuring which the company has undergone since Mr Frank Turner took charge of Lucas Aerospace 12 months ago.

Simply put, Mr Turner's strategy has been to transform Lucas Aerospace from a components supplier to the aerospace industry into a systems integrator.

"In the long term we cannot hope to compete as a components supplier against low-cost producers in the Far East. Instead, we must turn the company into the global leader in the provision and support of high integrity control systems for our chosen markets," explained Mr Turner, the former head of civil engines at Rolls-Royce, the UK aero-engine and industrial power group.



The two core markets for the company are flight and engine control systems. The fate of all the group's other activities, including the more recent US business, will depend on their performance.

"These niche businesses can stay in our portfolio as long as they are profitable and cash generating and can support financially our two core activities," said Mr Turner. He cites as examples the profitable cargo handling operations in Jamestown which have carved themselves a strong market as a supplier of cargo systems to Boeing as well as the profitable electrosystems subsidiary at Brae, outside Los Angeles.

But he also warned that any business not capable of generating adequate cash or profits will either be merged with another company, sold or shut down. Apart from the Santa Barbara aircraft maintenance facility, the aircraft windows business in Luton has been sold to its management. "Our switch gear and ignition business is also not core and we expect we will sell that at some stage," he said.

At the same time, Mr Turner is also looking for acquisitions to strengthen the company's market penetration in its two core activities in engine and flight control systems. Lucas's engine systems, for example, have been reinforced by the £18.9m acquisition in September of Dowty's fuel control business in Cheltenham.

These acquisitions and divestments are all part of what Mr Turner sees as "the continuing big shake up in the aerospace industry where there is still far too much capacity".

Another good example of taking out capacity at a time when the aerospace industry continued to be depressed by lower commercial aircraft and defence sales was an agreement which will see Lucas supplying all the engine gearboxes for Pratt & Whitney, the large US aero-engine maker, Mr Turner added.

Instead of making its own gearboxes, Pratt will be buying the equipment from Lucas's new Utah facility.

Cost cutting has also featured high in Mr Turner's efforts to reshape Lucas Aerospace, which with sales of £643m for the financial year ended July 1993 accounts for about 25 per cent of Lucas's overall group turnover. "By the end of 1993 we had shed about 25 per cent of our workforce in a period of less than two years," he said. This has cut the aerospace division's 10,000 strong workforce to about 7,500.

Frank Turner: taking the axe to unprofitable activities

Every site in the UK, France and the US has been affected by the cost-cutting drive, which has also been sharply felt by the company's overweight management structure. Headquarters staff has been cut from 150 to 29 people, Mr Turner said.

Mr Turner's strategy has paid dividends. Lucas Aerospace saw pre-tax profits double to £31m in the year ended July 1993, from £15.4m in 1992. The advance came despite a 10 per cent real fall in the volume of aerospace sales, reflecting a sharp improvement in productivity and costs. Mr Turner has now set a target of a 50 per cent improvement in the group's operations over the next three years.

The US operations, however, have continued to lose money. But Mr Turner expects these US investments to start showing a positive contribution this year, especially after the disposal of the substantial loss-making aircraft maintenance operation in Santa Barbara.

"The US acquisition policy has given us a presence in the US market and access to big US customers," said Mr Turner. "It has provided us with a foundation to build on but it will require reorganisation, including the divestment of some assets as well as acquisitions," he added.

Lucas's US aerospace acquisition spree in the 1980s was largely aimed at reducing the company's dependence on the automotive business as well as the aerospace division's dependence on Rolls-Royce. "They nearly went down with Rolls-Royce when Rolls went bankrupt in 1971," said one City aerospace analyst.

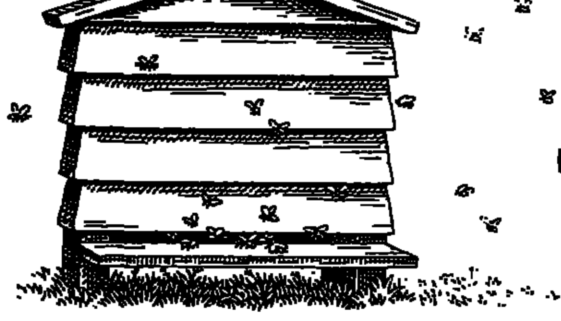
At that time, as much as 75 per cent of the company's aerospace business was directly related with Rolls-Royce. The UK aero-engine manufacturer is still Lucas Aerospace's biggest customer but it now accounts for only between 20 per cent to 25 per cent of its sales, although Lucas recently reinforced its ties with Rolls-Royce. It took a 3.5 per cent risk-sharing stake in Rolls-Royce's Trent programme to develop a family of heavy thrust commercial jet engines to power the new generation of large wide body airliners.

Mr Turner also has his eye on expanding his group's presence in the fast-growing Asia Pacific aerospace market. At present, the UK, the US and continental Europe each account for about one third of the company's annual turnover. Mr Turner wants to see the group's geographical distribution expanded with the US, the UK, continental Europe and Asia each accounting for about 25 per cent of sales.

As restructuring continues to gather pace in the aerospace components industry, Mr Turner expects the sector to become increasingly dominated by fewer, broader-based suppliers capable of participating as risk and revenue sharing partners in future engine and aircraft programmes. "We are positioning Lucas to be one of those players," he added.

Ultimately, however, the reshaping of Lucas is likely to involve even wider strategic collaboration and possibly a merger with another big international components and systems supplier with activities in both the aerospace and automotive industries.

Any move, however, will have to await the arrival of Mr George Simpson, who is leaving British Aerospace and Rover to take overall charge at Lucas as chief executive in the spring.



Restructure measures accelerated in face of weak computer markets

ICL moves to protect profits

By Alan Cane

ICL, the UK-based computer company in which Fujitsu of Japan has a majority stake, is accelerating measures to protect its profitability in the face of persistently weak computer markets.

Yesterday it announced that it intended to establish its UK manufacturing and supply business as a contract electronics business. The autonomous, wholly owned subsidiary will trade as Design to Distribution (D2D) with operations in Kidsgrove, Ashton-under-Lyne, and Stevenage.

It also said it had sold its half interest in International Network Services to General Electric Information Services in a move designed to cut away non-core activities.

The aim in creating D2D, ICL said yesterday, was to improve the new company's attractiveness as an electronics contract manufacturer by distancing it from the parent company, for which it manufactures computers and circuit boards worth some $300m (£203m) a year.

ICL already manufactures equipment for Sun Microsystems of the US and Meiko, a supercomputer manufacturer with offices in the UK and the US. It also makes equipment for a number of unnamed US computer companies.

Mr Alastair Kelly, D2D's managing director, said his aim was to build the company into Europe's leading contract electronics manufacturer: "By 1996 we will be targeting $300m of non-ICL revenue, much of which will be with US corporations looking for European manufacturing".

It is part of chairman and chief executive Mr Peter Bonfield's plan to restructure ICL as some 26 semi-autonomous business units.

The value of the INS deal was not disclosed but is believed to be under £30m.

INS is a leading provider in the UK of electronic data interchange services such as electronic ordering and invoicing. In 1992 it made £2.9m before tax on revenues of £17m.

Mr John Thorpe, newly appointed managing director, said that INS and GEIS had a similar business focus, while the electronic data business was peripheral to ICL's core interests. With GEIS backing, it would expand into Europe, market its software internationally and provide tough competition for BT, AT&T and IBM.

Lydia van der Meer

Peter Bonfield: plans 26 semi-autonomous business units

Kwik Save sells non-core side for £9.5m

By Neil Buckley

Kwik Save, the discount food retailer, is selling its Tates convenience store subsidiary for £9.5m to AF Blakemore, the family-owned wholesaler which is a main supplier to the Spar group.

The sale enables Kwik Save to dispose of a non-core business, and is a significant boost for Blakemore's ambitions in the convenience store market.

Blakemore is paying £3.5m for the business, plus about £6m to settle inter-company loans from Kwik Save to Tates.

Kwik Save acquired Tates, which operates 71 Lateshopper convenience stores in Humberside, Yorkshire, Lincolnshire and the east Midlands, from Northern Foods in 1986.

Mr Derek Pretty, finance director, said it was decided to sell the business after a strategic review last year.

"We had to decide whether we wanted to feature in a major way in the convenience store market. If we did, we realised we would have to invest more."

Before the sale, Kwik Save bought the freehold of 35 Tates stores for £7.6m and granted Tates 25-year leases on the properties.

Rental income from the properties will total £700,000 a year.

Mr Pretty said the net financial effect of the disposal on Kwik Save would be minimal.

Tates made pre-tax profits in its last financial year of £1.4m on sales of £57.8m.

Blakemore, based in the West Midlands, operates eight cash-and-carry outlets, as well as supplying 640 Spar and VG stores across central England and Wales.

These so-called "symbol" groups comprise independent retailers, who trade under the same fascia and buy from the same source to reap the benefits of centralised buying and distribution, advertising and marketing.

Blakemore itself also owns and operates 36 Spar stores.

Crabtree Group turns in £1.07m for nine months

By Chris Tighe

Crabtree Group, the Tyneside manufacturer and supplier of metal decorating presses, yesterday reported pre-tax profits of £1.07m on turnover of £7.73m for the nine months to September 30.

Crabtree came to the market in June via a £19.4m shares and cash reverse takeover of Somerset, a shell quoted investment trust. The figures for the nine months consisted solely of the activities of Crabtree of Gateshead since its acquisition.

Earnings per share came out at 10.7p and a maiden dividend of 2p is proposed.

Before the reverse takeover, Mr Karl Watkin, Crabtree's chairman, and Mr Matt Cooper, managing director, warranted that in the year to end-September 1993 Crabtree would make a pre-tax profit of £3m and pledged to repay £5 of the takeover consideration for every £1 of any shortfall.

For the full 12 months to the period-end Crabtree achieved operating profits of £3.01m on turnover of £23.4m.

Yesterday Mr Watkin said the £3m pre-tax profit pledge had been achieved. "We're delighted to deliver to the City what we promised in June," he said.

It achieved £3.01m, consisting of £2.86m in pre-tax profit, plus some adjustments specified in the reverse takeover.

The shares rose 13p to 284p yesterday. When the company came to the market in June the shares were priced at 150p.

Crabtree of Gateshead was acquired by Mr Watkin and Mr Cooper in a £3.6m management buy-out from Vickers in 1986. It claims to be the world's leading manufacturer of metal decorating presses and exports 93 per cent of its turnover worldwide.

The company said its results for the 12 months to September 30 were a record performance, with turnover 24 per cent up on the preceding year's £18.8m, and profit up by 46 per cent, from £2.06m.

Mr Watkin said future order books were "exceptionally strong".

Crabtree, he said, was well ahead of the competition, including the Germans and Japanese, in the quality of its engineering as well as its marketing, and was investing to maintain that lead.

At the time of flotation, Mr Watkin said Crabtree was looking to make a substantial acquisition. Yesterday he said this had yet to happen because the market was at present "very frothy".

Credit Lyonnais Laing, Crabtree's broker, yesterday forecast pre-tax profits for the company in the year to September 30 1994, of £3.95m on turnover of £25m. They also forecast earnings per share of 18.7p and a dividend of 6p.

EFM launches trust for Asian markets

By Bethan Hutton

Edinburgh Fund Managers is to launch an investment trust specialising in smaller companies in emerging Asian markets, to be known as the Edinburgh New Tiger Trust.

It hopes to raise £50m through a placing and offer for subscription of ordinary shares of 5p issued at 56p, with one warrant attached to every five shares.

The offer period is expected to be January 29 to February 18, with first dealings on February 24.

The new fund's managers will concentrate on the emerging markets of south and south-east Asia, including India, Pakistan and Sri Lanka as well as the more usual Malaysia, Thailand, Indonesia, South Korea, China and the Philippines.

Companies in the more established markets of Hong Kong and Singapore will be considered if they have exposure to emerging Asian economies.

The fund will invest in smaller companies with market capitalisation of less than $500m (£340m) with the aim of achieving long-term capital growth.

Edinburgh Fund Managers said it believed smaller companies should outperform their larger counterparts as their operational flexibility should allow them to exploit opportunities more easily.

The same investment team already manages the EFM Dragon fund, an investment trust covering east Asia excluding Japan.

Norwich and Scottish Life maintain trends

Norwich Union, the mutual insurance group, yesterday announced unchanged bonuses on its with-profits endowment policies, while Scottish Life, the mutual life assurance company, cut its bonuses slightly, writes Bethan Hutton.

The net effect for both was to continue the trend of slightly higher pay-outs for 25-year maturities, but lower pay-outs after 10 years.

Norwich Union will pay £58,694 for a standard 25-year endowment policy maturing on January 1 1994, up 0.8 per cent from last year's £58,237, giving a yield of 12.9 per cent (12.8 per cent).

Figures are based on the standard industry assumptions of a policy started by a man aged 29, paying £30 a month.

A 10-year policy, using the same assumptions, would pay £6,674, down 4.5 per cent from last year's pay-out of £6,992. This would give a reduced yield of 11.9 per cent (12.7 per cent).

Scottish Life will pay £6,105 for a 10-year policy, down 2 per cent, representing net returns of 10.2 per cent. A 25-year policy would pay £63,252 this year, up 2 per cent, a return of 13.3 per cent.

Pay-outs on 10-year endowments are still falling because of poor investment performance in 1990-92, and in compensation for excessively high bonuses in 1990, while 25-year policies benefit from the higher average investment returns in the 1980s.

Norwich describes its current bonus rates as "realistic", but projects falling rates over the next two years because of low inflation.

Capital changes for Beckenham

By Nigel Clark

Losses on a contract for the Civil Aviation Authority have forced Beckenham Group, the USM-traded heating and ventilation engineer, to seek a capital reconstruction including a placing and rights issue.

The losses resulted in the withdrawal of most of its banking facilities in September, since when the group has had to rely on short-term finance from shareholders.

Beckenham also announced pre-tax losses of £4.2m (£5.05m) for the year to the end of October on turnover of £31m (£34.1m), including £1.66m this time from acquisitions. Losses per share were 4.4p (11.3p).

The changes will result in a concert party led by Mr Ng Lu Siong, a Malaysian businessman, raising its holding to a total of 39.8 per cent. The Takeover Panel has waived the requirement to make a full bid.

Mr Peter Long, chairman, said that after a "nightmare three months" he was hopeful of a better 1994, although margins would remain tight.

The company is raising £3.9m net through a placing of 15.6m shares at 25p. A further £1.09m net is being raised by a rights issue of up to 5.45m shares at 25p on the basis of 1-for-30 ordinary 5p and 26-for-27 £1 preference shares.

The total proceeds will eliminate the £4.27m of short-term loans and increase working capital by £723,000.

In addition, 50 of the existing 5p ordinary will be consolidated into one 250p share and then divided into three 25p ordinary and seven deferred shares.

Every 15 of the preference shares will be consolidated in one £15 share and then divided into 26 ordinary and 34 deferred.

It is proposed to eliminate the deficit on the profit and loss account by cancelling the deferred shares and reducing the share premium account.

Richmond chiefs quit to save cash

By Andrew Bolger

Non-executive directors of Richmond Oil & Gas believe the struggling natural resources company has a viable future, in spite of the resignations of both its chairman and managing director.

Richmond announced the departure of Mr Robert Fox, the chairman and chief executive, along with Mr Michael Hogue, managing director, at the same time as it revealed pre-tax losses for the year to March 31 1993 of £3.19m, against £44.1m, which was struck after provisions of £38.1m. Losses per share came out at 3.5p (48p).

Richmond said the results reflected the loss of its main asset, the Richmond Ranch Properties, to creditors in 1992. This meant the group lost all of its oil and gas production, reducing turnover from £11.4m to £1.64m.

Mr Fox said he and Mr Hogue had stepped down to reduce overheads at the group, which was short of cash. The board said that in spite of efforts to reduce costs, the external regulatory and other legal services required were relatively expensive.

The board is reviewing its plans, including several oil and gas acquisitions, and said it would inform shareholders about its intentions as soon as possible.

The plans are subject to the disposal of the San Juan Basin coalbed methane properties in the US being completed, for which Richmond hopes to receive about $5m (£3.3m).

Shares in Richmond were suspended at 4½p in October, having come to the market at 105p in 1989.

Share dealings and transactions relating to the period about the time of the flotation are under investigation by the Serious Fraud Office.

Riva shares tumble 7p on profits warning

Riva Group yesterday saw its shares fall 7p to 18p after the USM-traded supplier of electronic point of sale systems warned of a substantial loss for 1993.

The company said that a number of overseas subsidiaries had suffered disappointing trading results. Consequently, a number of write-downs might be necessary in some European operations.

UK operations had maintained profitability.

Riva said it had repaid more than £1m of its UK bank debt and had renegotiated facilities with its principal lenders on a continuing basis.

Mr Peter Giles has been appointed executive chairman and Mr David Dace will remain on the board as a non-executive director.

In 1992 the group returned pre-tax profits of £134,000, but for the half year to June 30 there was a swing from pre-tax profits of £314,000 to losses of £425,000.

FT-SE Actuaries Share Indices

Insurance Brokers are now classified in Sub-sector 732. In the table published yesterday in the FT the additional listing of Insurance Brokers as Sub-sector 776 was incorrect.

Babcock wins £39m order

Babcock Africa, the South African subsidiary of Babcock International, has announced a package of boiler refurbishment, materials handling and process plant contracts worth a total of £39m.

The biggest single contract is for the redesign and replacement of pressure parts on six boiler units at Matla power station in the Transvaal.

Babcock was the original supplier of the boilers in the early 1970s, and the latest work is the initial stage of a programme to extend the power station's life by 35 years.

The subsidiary has also won two other Transvaal contracts – overland conveyors and a silo for the Alusaf aluminium smelter project, and two circular stockpile stacker reclaimers for Randcoal's Duvha colliery.

In conjunction with Hyundai of Korea, it will supply and erect an advanced synthol reactor for Sasol, the South African fuel and chemicals group, at Secunda in Orange Free State.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Banks (Sidney C) ......int	3.5	Mar 31	3	-	9
Crabtree ......fin	2	Mar 14	-	2☆	-

Dividends shown pence per share net. ☆ For nine months.

LEGAL NOTICES

Notice of appointment of Liquidator
Voluntary winding up
(Members or Creditors)

Pursuant to section 109 of
The Insolvency Act 1986.

Company No: 005563. Name of Company: BLOOMSBURY INVESTMENTS LIMITED. Nature of business: Dormant. Type of liquidation: Members. Address of registered office: St. Andrew's House, 20 St Andrew Street, London EC4A 3AY. Liquidator's name and address: Malcolm J London, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Office holder number: 2082. Date of appointment: 20 December 1993. By whom appointed: Members.
Signed M J London FCA (Liquidator)
20 December 1993

Notice of appointment of Liquidator
Voluntary winding up
(Members or Creditors)

Pursuant to section 109 of
The Insolvency Act 1986.

Company No: 1385155. Name of Company: BROWN SHIPLEY FACTORS LIMITED. Type of liquidation. Members. Address of registered office: St. Andrew's House, 20 St Andrew Street, London EC4A 3AY. Liquidator's name and address: Malcolm J London, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Office holder number: 2082. Date of appointment: 20 December 1993 By whom appointed: Members.
Signed M J London FCA (Liquidator)
20 December 1993

Notice of appointment of Liquidator
Voluntary winding up
(Members or Creditors)

Pursuant to section 109 of
The Insolvency Act 1986.

Company No: 351055. Name of Company: FOUNDERS COURT INVESTMENTS LIMITED. Previous names of company: H M Faure & Co Limited (changed 4 November 1969), Kings Yard Securities Limited (changed 29 November 1984). Type of liquidation: Members. Address of registered office: St. Andrew's House, 20 St Andrew Street, London EC4A 3AY. Liquidator's name and address: Malcolm J London, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Office holder number: 2082. Date of appointment: 20 December 1993. By whom appointed: Members.
Signed M J London FCA (Liquidator)
20 December 1993

In the High Court of Justice Chancery Division No. 0010455 of 1993

IN THE MATTER OF
MARCH ESTATES PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 29th November 1993 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above named Company from £23,200,200 to £20,200,012.50.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, The Strand, London WC2A 2LL on Wednesday the 19th day of January 1994.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the said reduction of capital should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any person requiring the same by the under mentioned solicitors upon payment of the regulated charge for the same.

DATED the 6th day of January 1994
Messrs Lawrence Graham
190 Strand, London WC2R 1JN
Our Ref: HS/M2632-3zz
Solicitors for the above named Company

Notice of appointment of Liquidator
Voluntary winding up
(Members or Creditors)

Pursuant to section 109 of
The Insolvency Act 1986.

Company No: 2190712. Name of Company: BS TWELVE LIMITED. Type of liquidation: Members. Address of registered office: St. Andrew's House, 20 St Andrew Street, London EC4A 3AY. Liquidator's name and address: Malcolm J London, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Office holder number: 2082. Date of appointment: 20 December 1993. By whom appointed: Members.
Signed M J London FCA (Liquidator)
20 December 1993

Notice of appointment of Liquidator
Voluntary winding up
(Members or Creditors)

Pursuant to section 109 of
The Insolvency Act 1986.

Company No: 826220. Name of Company: BLOOMSBURY SECURITIES LIMITED. Type of liquidation: Members. Address of registered office: St. Andrew's House, 20 St Andrew Street, London EC4A 3AY. Liquidator's name and address: Malcolm J London, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Office holder number: 2082. Date of appointment: 20 December 1993. By whom appointed: Members.
Signed M J London FCA (Liquidator)
20 December 1993

NOTICE TO CREDITORS TO SUBMIT CLAIMS

IN THE MATTER OF

Brown Shipley Factors Ltd
Founders Court Investment Ltd
BS Twelve Ltd
Bloomsbury Securities Ltd
Bloomsbury Investments Ltd
(All in Members Voluntary Liquidation)

and
IN THE MATTER OF
THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN that the Creditors of each of the above-named Companies which are being voluntarily wound up, are required, on or before the 1st day of February 1994, to send in their full forenames and surname, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their Solicitors (if any), to the undersigned.

MALCOLM J LONDON
COOPERS & LYBRAND
ST ANDREW'S HOUSE
20 ST ANDREW STREET
LONDON EC4A 3AY

the Liquidator of the said Companies, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 20th day of December 1993

Signature of Liquidator M.J.LONDON (F.C.A.)

NB - This notice is purely formal. All known creditors have been or will be paid in full in respect of each of the above companies.

Notice of appointment of Joint Liquidator
Name of company Fixtype Limited
Nature of business Property Development
Address of registered office Kings House, 36/37 King Street, London EC2V 8BH
Joint Liquidators names and address
S J L Adamson and G H Hughes
Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU
Date of appointment 20 December 1993
By whom appointed Members and Creditors

NOTICE TO CREDITORS
Fixtype Limited
(In Liquidation)

The creditors of the above-named company are requested, on or before 1 February 1993 to send their names, addresses and particulars of their claims to the undersigned, the Joint liquidators of the company, at Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU.
Date 20 December 1993
G H Hughes
Joint Liquidator

K & O PRODUCTS LIMITED
Registered number: 2398900
Trade classification: 11
Date of appointment: 20 December 1993
By whom appointed: Lloyds Bank plc
Date of charge: 27 January 1992
Nature of charges: Fixed and Floating Charge
VIVIAN MURRAY BAIRSTOW and NIGEL DOUGLAS BACON (office holder nos. 5316 and 7906) of Robson Rhodes, 186 City Road, London EC1V 2NU
Joint Administrative Receivers

COMMODITIES AND AGRICULTURE

Congress 'still needs convincing' on Gatt

By Deborah Hargreaves

Mr Mike Espy, US agriculture secretary, cast doubt on the acceptance by the US Congress of the recent General Agreement on Tariffs and Trade settlement yesterday when he said its passage would not be "automatic".

"I don't think we need to add or subtract anything to the basic Gatt agreement, but we need to explain it to congress," he told an audience of British farmers at the Oxford Farming Conference.

While the deal presented a good opportunity for US farmers to expand their markets overseas, congress needed to be convinced of the benefits, Mr Espy explained. He said, however, that last minute changes to the Blair House accord, which allow the US to subsidise an additional 7.4m tonnes of wheat exports in the six years from 1995, would help to win congressional support for the deal.

Modifications to the Blair House agreement will see the US Export Enhancement Programme budget rise by $694m in 1995 from the planned level of about $1bn.

"The US will continue to compete toe to toe on subsidies with other large exporters which are doing the same thing," Mr Espy said. "I hope the Gatt agreement will be passed through congress, but until it does we must maintain our levels of competitiveness whether through export enhancement or other measures."

However, Mr Espy said he saw the handwriting on the wall for export subsidies: "We will join hands with others to go down the slippery slope of subsidy reduction together," he told the conference.

Mr Espy was met with a fairly frosty reception from some UK farmers, who saw their livelihoods threatened by falling support prices.

"The Gatt deal is a major threat to European farmers and you couldn't care a fig about us," one producer commented. "Farmers here are frightened of a life without subsidies after the privileged world we've lived in," said another.

Conference organisers admitted that Mr Espy's bodyguards had feared for his safety amid 500 British agriculturalists.

UK producers are also suspicious of moves by the US this year to abandon acreage reduction programmes while European farmers must set-aside up to 15 per cent of their land. US producers are currently being urged to grow more to make up for a shortfall in output caused by last year's massive flooding. Mr Espy said that 21m acres of farmland in the midwest had been under water with 5m acres totally destroyed because it was covered with six to seven feet of silt and sand.

Collateral plan may solve CIS aluminium problem

By Kenneth Gooding, Mining Correspondent

Support is growing for an ingenious potential solution to the world aluminium supply crisis that would involve surplus metal from the Commonwealth of Independent States being used as collateral for US government-guaranteed loans to the CIS.

"This would remove the excess supply from the market, provide hard currency to the CIS, and, with the stipulation that a portion of the funds be used to upgrade CIS smelters, would improve the physical environment surrounding the smelters, which has been devastated by years of neglect," suggests Mr Eli Epstein, chief executive of Calcined Coke Corporation, the New York-based concern that formulated the proposals.

It would also do away with the need for the world-wide smelter production cuts now under consideration – and the associated unemployment – or restrictions on imports from the CIS of the kind at present in force in the European Union.

Calco, a big supplier to the international aluminium industry, has discussed its ideas with members of the US congress and representatives of the US Export-Import Bank as well as other industry members and the response has been "encouraging," says Mr Epstein.

He hopes that the Calco proposals will be on the agenda when trade representatives from the world's main aluminium-producing countries and the industry meet in Brussels on January 18 and 19 for a third round of talks about the crisis arising from the sudden surge in CIS exports following the collapse of the former Soviet Union. This has pushed up aluminium stocks and driven down prices to a level where most smelters are suffering operating losses.

Calco estimates that the present value of the CIS surplus aluminium stocks, about 700,000 tonnes, is roughly $700m. It suggests that the entire surplus be securely warehoused and becomes collateral for the US government guarantee of loans made to the CIS by financial institutions. Loans provided to the CIS would substantially exceed the value of the stocks but the collateral would reduce the risk attached to these loans and support the US commitment to helping the CIS economically.

Surplus stock would be held off the market until it could comfortably be absorbed. After a time, aluminium demand, which is growing at an annual 1.5 to 2.5 per cent, should catch up with supply and allow for the release of stocks into the market in a controlled fashion.

"The substantial influx of capital to the CIS will trigger economic development which should increase its domestic demand for primary aluminium," Mr Epstein points out. If loans were repaid the aluminium would be returned to the CIS at planned intervals and if there was a default the metal would be sold gradually at predetermined price levels.

Mr Epstein suggests that if the scheme is implemented, "the aluminium industry worldwide would benefit from stable pricing and employment. The CIS would have a source of hard currency and be able to reduce the environmental impact of its inefficient smelters. Using the inventory as collateral would reduce the risk of default on the loans and, with import restrictions unnecessary, free trade relationships are maintained."

Incoming Chilean copper chief objects to military burden

By David Pilling in Santiago

Codelco, Chile's state copper company, should not be obliged to hand over 10 per cent of its earnings to the armed forces, according to Mr Juan Villarzú, who takes over as the company's president in March.

Under legislation brought in by Chile's former military government, Codelco last year financed the armed forces to the tune of some $190m, about a fifth of the defence ministry's total budget.

"The way funds are channelled at the moment is not appropriate from the point of view of economic efficiency or the functioning of the country," said Mr Villarzú, who was appointed head of Codelco by the president-elect, Mr Eduardo Frei.

The removal of the requirement to supplement the armed forces budget would be an essential step towards any long-term plans to privatise Codelco, since no private company would be willing to take on such a heavy burden. However, Mr Frei's administration has ruled out any question of selling off the state entity, which is considered to be of "strategic" importance to the Chilean economy.

Instead, Mr Villarzu has promised that he will push ahead with modernisation plans aimed at boosting productivity, which is necessary because of declining ore grades, years of inadequate investment and the appreciation of the Chilean peso. He has fully backed moves to split Codelco's four principal mines into autonomous divisions, each of which would be expected to turn in a profit.

It was "perfectly feasible" to expect the modernisation plans, which included the gradual reduction of staff, to improve productivity "significantly" within five years, he said.

Mr Villarzú also said that a more efficient Codelco should be in a position to develop important new ore bodies such as Radomiro Tomic and Mansa Mina. He rejected as "pressure from certain elements on the right" suggestions that Codelco should exploit such reserves through joint-venture operations with private mining companies.

"We don't see the necessity of this," he said. "We believe that Codelco can exploit such reserves on its own, but only when there are clear guarantees that it has achieved better management."

EU acts against residues in tea

By Kunal Bose in Calcutta

The European Union has set a time-table for all tea-producing countries to reduce pesticide residues in processed tea to acceptable levels if they want to retain access to the EU market. According to Indian tea industry officials, the EU is requiring reductions in in three two-yearly stages beginning this month.

The Indian industry, which exports over 200m kg of tea a year, thinks the problem can be tackled largely by scrupulously following the spraying schedules laid down by the Tea Research Association and the United Planters' Association.

The Indian Tea Board has started consultation with the producers, exporters and research organisations to formulate a strategy gradually to reduce the levels of pesticide residues in teas grown in different parts of the country without disturbing the volume of production.

Japan has recently expressed concern about the rising level of pesticide residues in Darjeeling teas and has rejected some shipments. Some German tea buyers have also complained about pesticide residues in Indian teas.

Rubber makes bright start to 1994

By Kieran Cooke in Kuala Lumpur

The new year has started well for the world's natural rubber producers with prices rising in response to increased demand in many industrialised economies and a squeeze on supplies caused by a fall off in production in major producing countries.

Mr Aldo Hofmeister, the Kuala Lumpur-based buffer stock manager of the International Natural Rubber Organisation, says he expects natural rubber prices to rise by about 5 per cent in 1994, compared with last year.

"I am not too pessimistic," says Mr Hofmeister. "The US economy continues to rebound and West Europe is expected to improve by mid-year. Japan is still a question mark, but South Korea is doing well."

As an indication of the strong uptrend in prices, the Inro five-day moving average has risen to 171.66 Malaysian/Singapore cents a kilogram, compared with an eight-year low in natural rubber prices of 156.31 Malaysian/Singapore cents at the end of September.

Traders say there has been a fall off in production in Malaysia, Thailand and, to a lesser extent, Indonesia because of an extended monsoon season. Malaysia's 1993 production is estimated to have fallen to 1.19m tonnes from 1.22m tonnes in 1992.

Traders say buying in of more than 20,000 tonnes of natural rubber by the Inro buffer stock manager at the end of last year also helped prices. The Inro natural rubber stockpile is now estimated at slightly more than 200,000 tonnes.

Jamaican government sells sugar mills

By Canute James in Kingston

The Jamaican government has sold four of five state-owned sugar mills to local and foreign investors who have promised to refurbish the plants and increase production.

The sale is part of a programme of divestment of state economic enterprises, and the purchasers have paid US$43.8m for the mills, which have an aggregate rated capacity of 270,000 tonnes a year.

Tate and Lyle of the UK is included in one consortium, which has brought the Frome, Monymusk and Bernard Lodge mills. Other members of the group include Wray and Nephew, one of Jamaica's leading distillers. The Long Pond mill has been bought by a group made up of local companies involved in financial services.

The fifth state-owned mill is not being offered for sale as it has been leased to a privately-owned company, said government officials. The island's four other mills are privately owned.

The purchasers of the four mills plan to invest $43m to modernise the plants and to increase efficiency, cutting production costs and lifting output from the current level of just over half rated capacity. The smaller privately owned mills have been running at 90 per cent of rated capacity, the officials said.

The purchasers are also leasing 38,000 acres of cane farms, which will supply the mills. The government says state-owned cane farms will be divested over the next two years.

The proceeds from the sake of the mills will be used by the government to settle the industry's outstanding obligations, including the repayment of $16m to the World Bank and $13.5m for redundancy payments to workers.

Government officials said they were hoping that the improvements to the mills by the new owners would lift Jamaica's sugar production in two years to about 350,000 tonnes a year. Production last year was 224,500 tonnes, marginally higher than in 1992.

The officials said that the divestment would also make Jamaica's sugar industry more competitive by reducing production costs from the current average of 19 US cents a pound. "If this can be cut by about one third then we will be able to compete on the world market with the additional sugar we expect the country to produce," said one official.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1130.5-1.5	1149-50
Previous	1116-17	1135-35.5
High/low	1120.5	1150/1135
AM Official	1120.5-1.0	1138-38.5
Kerb close		1149-49.5
Open int.	283,901	
Total daily turnover	45,683	

■ ALUMINIUM ALLOY ($ per tonne)

Close	973-77	998-1000
Previous	965-70	981-95
High/low	972	1000/995
AM Official	972-73	995-98
Kerb close		995-1000
Open int.	2,740	
Total daily turnover	309	

■ LEAD ($ per tonne)

Close	463-64	477-77.5
Previous	468.5-9.5	482-83
High/low	465.5	484/477
AM Official	465.5-66	478.5-79
Kerb close		477.5-58
Open int.	31,928	
Total daily turnover	5,164	

■ NICKEL ($ per tonne)

Close	5295-305	5355-60
Previous	5235-40	5295-300
High/low		5360/5290
AM Official	5255-60	5320-21
Kerb close		5360-70
Open int.	50,435	
Total daily turnover	16,854	

■ TIN ($ per tonne)

Close	4770-80	4820-30
Previous	4803-8	4855-60
High/low		4880/4740
AM Official	4733-38	4780-85
Kerb close		4850-60
Open int.	16,086	
Total daily turnover	3,662	

■ ZINC, special high grade ($ per tonne)

Close	988-89	1007.5-8.0
Previous	996-97	1015-16
High/low		1018/1008
AM Official	993-3.5	1013-13.5
Kerb close		1009-10
Open int.	102,865	
Total daily turnover	32,178	

■ COPPER, grade A ($ per tonne)

Close	1749-50	1767-7.5
Previous	1732-33	1752-52.5
High/low	1743.5	1767.5/1756
AM Official	1743-43.5	1759-60
Kerb close		1762.5-63
Open int.	242,783	
Total daily turnover	97,479	

■ LME AM Official £/$ rate: 1.4848
LME Closing £/$ rate 1.4875

Spot:1.4870 3 mths:1.4798 6 mths:1.4753 9 mths:1.4710

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jan	79.55	-0.05	80.00	79.55	1,392	143
Feb	79.65	+0.15	-	-	1,283	80
Mar	80.10	+0.25	80.60	79.85	41,571	6,473
Apr	80.30	+0.25	80.55	80.55	721	3
May	80.50	+0.25	81.00	80.30	8,212	636
Jun	80.75	+0.30	-	-	827	8
Total					67,482	7,554

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	396.25-396.75	
Opening	393.20-393.60	
Morning fix	394.00	265.213
Afternoon fix	395.25	265.768
Day's High	398.40-396.80	
Day's Low	393.20-393.60	
Previous close	394.00-394.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month ....2.85 6 months 2.84
2 months ....2.83 12 months 2.89
3 months 2.82

Silver Fix	p/troy oz.	US cts equiv.
Spot	352.25	523.25
3 months	356.55	527.05
6 months	360.85	531.40
1 year	368.80	540.85

Gold Coins	$ price	£ equiv.
Krugerrand	394-397	265-268
Maple Leaf	407.75-410.30	
New Sovereign	92-95	61-64

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Feb	392.1	-3.0	397.8	390.0	97,814	22,427
Mar	393.0	-3.0	388.3	385.0	10	11
Apr	394.1	-3.0	393.8	392.0	15,684	3,255
Jun	398.0	-3.0	401.7	393.5	23,494	2,245
Aug	398.1	-2.9	403.1	401.0	5,549	197
Oct	400.2	-2.9	-	-	3,763	20
Total					170,487	28,668

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Jan	393.2	-8.0	399.0	394.0	465	79
Apr	395.7	-6.5	402.0	394.0	17,876	1,248
Jul	397.0	-6.5	403.0	397.0	2,322	50
Oct	398.3	-6.5	405.0	402.0	223	-
Jan	399.7	-6.5	407.0	406.0	125	-
Total					21,011	1,377

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	126.55	-1.25	129.00	126.50	4,002	142
Jun	125.70	-1.25	128.00	126.00	718	39
Sep	125.20	-1.25	-	-	53	-
Dec	124.70	-1.25	128.00	128.00	60	-
Total					4,833	181

■ SILVER COMEX (100 Troy oz.; $/troy oz.)

Jan	505.5	-14.5	523.0	522.0	4	1
Feb	521.5	-	-	-	1	-
Mar	508.5	-14.5	528.5	498.0	73,769	14,955
May	511.7	-14.6	530.0	500.0	10,421	346
Jul	515.0	-14.7	534.0	505.5	10,660	238
Sep	518.4	-14.8	538.0	515.0	5,227	68
Total					118,041	15,861

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	15.09	+0.42	15.16	14.85	97,918	37,753
Mar	15.33	+0.36	15.40	14.98	63,891	17,244
Apr	15.57	+0.32	15.64	15.23	30,395	9,499
May	15.79	+0.28	15.84	15.57	27,044	3,734
Jun	16.00	+0.23	16.10	15.83	38,793	3,125
Jul	16.22	+0.21	16.28	16.15	18,140	699
Total					418,474	79,949

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	14.06	+45	14.19	13.74	81,400	29,085
Mar	14.18	+37	14.28	13.90	27,112	17,467
Apr	14.33	+28	14.41	14.11	12,027	4,570
May	14.58	+33	14.58	14.33	7,439	506
Jun	14.74	+34	14.79	14.52	6,344	943
Jul	14.92	+26	14.92	14.85	5,191	137
Total					143,467	53,507

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	47.10	+107	47.20	46.00	56,126	17,162
Mar	46.50	+80	46.65	45.70	34,818	7,352
Apr	46.05	+75	46.15	45.70	21,359	3,684
May	45.65	+80	45.85	45.30	25,890	777
Jun	45.75	+85	45.80	45.30	17,007	1,216
Jul	46.25	+70	46.40	46.10	12,763	1,117
Total					109,809	18,661

■ GAS OIL IPE ($/tonne)

	Latest price	Day's change	High	Low	Open int	Vol
Jan	146.75	+375	147.25	145.00	26,168	8,545
Feb	146.75	+375	147.25	145.50	19,346	6,345
Mar	146.50	+350	147.00	145.25	16,882	1,814
Apr	146.25	+350	146.25	144.75	10,568	837
May	146.50	+275	146.75	145.00	6,620	296
Jun	146.75	+225	147.25	146.00	11,788	369
Total						

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	2.045	+.081	2.080	2.020	25,035	6,005
Mar	1.977	+.068	1.990	1.940	17,829	2,239
Apr	1.942	+.052	1.950	1.920	15,085	1,017
May	1.945	+.049	1.950	1.930	9,627	747
Jun	1.950	+.044	1.955	1.940	7,212	323
Jul	1.950	+.036	1.955	1.940	7,751	247
Total					127,395	12,263

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	42.90	+81	43.20	42.15	42,361	12,038
Mar	43.95	+75	44.15	43.30	31,325	6,376
Apr	47.20	+73	47.30	46.70	22,268	2,529
May	47.85	+86	48.00	47.55	26,937	1,837
Jun	48.50	+68	48.65	48.20	8,485	448
Jul	48.85	+60	49.00	48.85	2,279	78
Total					136,698	23,318

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Jan	98.20	-0.20	98.25	98.00	348	48
Mar	99.95	-0.20	100.00	99.65	2,160	184
May	101.10	-0.30	101.10	100.80	1,615	96
Jun	101.75	-0.25	-	-	137	-
Sep	90.00	+0.25	-	-	85	-
Nov	91.40	+0.75	91.20	91.20	473	10
Total					4,915	338

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	365/4	+4/6	366/4	360/0	157,120	103,350
May	361/6	+1/0	362/6	358/4	42,755	20,135
Jul	342/4	0	344/4	341/4	61,835	25,300
Sep	343/0	-2/2	345/2	343/0	7,140	1,345
Dec	352/0	-1/4	353/4	351/0	8,040	765
Jul	327/0	+1/0	-	-	20	-
Total					150,895	2,455

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	305/4	-0/6	306/0	304/2	748,615	163,835
May	309/4	-0/2	309/6	307/6	388,765	45,315
Jul	309/4	-	309/6	307/6	316,405	52,940
Sep	289/4	+0/2	290/0	288/2	56,795	10,380
Dec	270/4	+1/0	271/0	269/2	178,270	23,405
Mar	276/0	+0/4	276/4	275/0	10,065	1,440
Total					1,701m	297,730

■ BARLEY LCE (£ per tonne)

Jan	102.75	-0.50	-	-	153	-
Mar	105.25	+0.10	-	-	702	-
May	107.25	+0.25	-	-	203	-
Sep	92.65	-	-	-	40	-
Nov	94.75	-	-	-	52	-
Jan	97.00	-	-	-	-	-
Total					1,160	0

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Jan	698/6	+4/2	697/0	689/0	42,110	57,025
Mar	705/6	+3/6	708/2	698/0	415,075	197,135
May	709/4	+3/4	710/0	702/0	172,135	30,470
Jul	710/4	+3/0	711/0	703/0	153,305	17,355
Aug	704/4	+1/6	706/0	698/0	24,310	1,285
Sep	677/6	+0/6	678/0	675/0	14,080	950
Total					887,956	321,320

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Jan	29.21	-0.03	29.31	28.98	8,786	2,944
Mar	29.18	-	29.31	28.95	46,982	10,713
May	28.80	-0.03	28.90	28.58	18,324	2,491
Jul	28.29	-0.11	28.37	28.08	12,383	2,042
Aug	27.80	+0.02	27.85	27.65	4,852	417
Sep	27.02	+0.07	27.05	26.85	3,812	186
Total					98,857	19,494

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Jan	200.6	-0.6	201.0	199.1	9,274	2,773
Mar	200.9	-0.1	201.3	199.5	39,282	10,296
May	202.1	+0.3	202.3	200.7	13,587	3,294
Jul	203.0	+0.4	203.1	201.8	12,526	1,734
Aug	202.2	+0.4	202.3	201.0	5,314	73
Sep	200.6	+0.4	200.6	199.5	2,562	64
Total					86,182	18,865

■ POTATOES LCE (£/tonne)

Mar	130.0	-5.0	-	-	31	-
Apr	110.3	+1.5	111.8	109.0	1,782	97
May	127.8	+1.0	128.0	126.5	613	61
Jun	130.0	-	-	-	2	-
Nov	85.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Total					2,426	158

■ FREIGHT (BIFFEX) LCE ($10/index point)

Jan	1215	-10	1225	1215	923	20
Feb	1248	-7	1255	1248	141	15
Mar	1273	-2	-	-	10	-
Apr	1287	+2	1290	1285	790	8
Jul	1165	+2	-	-	222	-
Oct	1295	-10	-	-	181	-
Total					2,321	43

	Close	Prev
BFI	1213	1215

COTTON
Liverpool- Spot and shipment sales amounted to 610 tonnes for the week ended 31 December, against nil in the previous week. Renewed purchasing in many specialist styles attracted much attention. American, Central Asian and Greek qualities as well as Israeli, Mali and Turkish growths moved off steadily.

JUTE
December/January c and f Dundee: BTC $475, BWC $500, BTD $450, BWD $465. C and F Antwerp: BTC $455, BWC $455, BTD $425, BWD $425.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	886	-37	917	885	36,512	4,395
May	910	-31	937	906	15,297	2,475
Jul	922	-30	950	920	9,337	437
Sep	936	-29	965	936	10,096	357
Dec	949	-31	973	945	14,052	451
Mar	966	-26	978	964	24,780	256
Total					127,884	8,383

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1133	-29	1148	1123	34,664	4,921
May	1167	-39	1177	1158	14,012	899
Jul	1199	-25	1206	1190	9,577	119
Sep	1223	-30	1232	1220	6,260	71
Dec	1250	-30	1255	1244	6,404	89
Mar	1262	-30	1270	1260	8,081	145
Total					88,992	6,244

■ COCOA (ICCO) (SDR's/tonne)

Jan 4	Price	Prev. day
Daily	943.83	929.29
Jan 5		
10 day average	933.58	931.72

■ COFFEE LCE ($/tonne)

Jan	1181	+2	1196	1176	1,794	197
Mar	1196	-4	1209	1193	15,562	937
May	1200	-5	1213	1200	8,308	1,199
Jul	1197	-3	1210	1198	1,330	180
Sep	1196	-4	1205	1202	743	19
Nov	1196	-7	1205	1199	230	61
Total					27,988	2,593

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	71.55	-0.30	73.10	71.40	36,258	7,048
May	73.20	-0.40	74.65	73.10	10,112	2,500
Jul	74.55	-0.55	76.10	74.50	3,394	320
Sep	76.00	-0.25	77.30	76.00	2,147	93
Dec	77.50	-0.25	79.15	77.50	1,265	3
Mar	80.25	+0.75	-	-	749	3
Total					53,927	9,967

■ COFFEE (ICO) (US cents/pound)

Jan 4	Price	Prev. day
Comp. daily	68.52	68.68
15 day average	71.33	71.60

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Mar	10.90	+0.03	10.87	10.87	1,113	5
May	11.21	+0.05	-	-	677	-
Jul	11.41	+0.07	-	-	2,919	-
Oct	11.21	+0.07	-	-	45	-
Total					4,754	5

■ WHITE SUGAR LCE ($/tonne)

Mar	285.60	+0.50	286.00	284.90	7,178	347
May	287.90	+0.80	288.30	286.90	1,756	118
Aug	290.20	+0.60	291.50	290.90	1,466	62
Oct	282.10	+0.80	281.50	280.90	1,722	70
Dec	280.90	+0.80	-	-	79	-
Mar	281.90	+0.80	-	-	63	-
Total					12,282	597

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	10.74	+0.04	10.77	10.66	48,513	8,563
May	10.99	+0.10	11.00	10.89	24,311	2,003
Jul	10.91	+0.11	10.92	10.81	15,704	410
Oct	10.87	+0.11	10.87	10.80	13,964	491
Mar	10.85	+0.11	10.85	10.80	2,063	15
May	10.85	+0.11	-	-	12	1
Total					104,579	11,483

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	68.40	+1.61	68.57	67.10	27,508	8,342
May	69.57	+1.62	69.75	68.45	10,185	1,964
Jul	70.15	+1.45	70.60	69.35	6,664	1,019
Oct	66.90	+0.27	67.50	66.90	980	150
Dec	66.10	+0.38	66.30	65.85	6,103	764
Mar	67.13	+0.25	67.10	67.00	50	-
Total					51,504	10,239

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Jan	109.80	+0.85	110.00	108.00	970	398
Mar	112.60	+0.50	113.25	110.50	12,340	2,113
May	115.20	+0.35	116.00	113.50	3,032	337
Jul	117.30	-0.15	116.80	115.75	1,096	118
Sep	119.05	-0.40	118.00	118.00	652	-
Nov	120.80	-0.65	-	-	148	21
Total						

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 5	Jan 4	month ago	year ago
1663.6	1679.1	1649.6	1695.7

■ CRB (Base: 4/9/56=100)

Jan 4	Jan 3	month ago	year ago
226.74	227.38	-	201.47

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	72.875	+.300	73.000	72.450	34,043	8,289
Apr	75.425	+.200	75.600	75.275	18,765	2,055
Jun	74.025	+.400	74.050	73.675	15,619	2,288
Aug	72.950	+.425	72.975	72.650	7,851	748
Oct	73.000	+.425	73.000	72.700	3,795	102
Dec	73.600	+.250	73.600	73.350	720	4
Total					80,820	13,488

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Feb	45.675	-	45.850	45.275	12,691	2,764
Apr	47.575	+.100	47.650	47.225	6,840	1,673
Jun	53.100	+.125	53.150	52.725	5,572	818
Jul	53.075	+.075	53.150	52.700	2,392	398
Aug	51.450	+.050	51.450	51.150	1,631	172
Oct	48.525	+.225	48.600	48.200	804	106
Total					30,585	5,972

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	56.650	+.600	56.800	55.900	5,232	2,100
Mar	57.150	+.550	57.300	56.550	1,543	367
May	58.575	+.650	58.650	57.800	1,748	197
Jul	59.075	+.775	59.175	58.275	1,542	157
Aug	56.400	+.350	56.450	56.025	255	78
Total					10,320	2,899

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Mar	Jun	Mar	Jun
1125	33	58	28	36
1150	22	45	42	48
1175	1	35	59	62
■ COPPER (Grade A) LME	Mar	Jun	Mar	Jun
1750	47	79	47	58
1800	28	56	76	84
1850	14	38	113	116
■ COFFEE LCE	Mar	May	Mar	May
1150	72	103	26	53
1200	44	77	48	77
1250	26	57	80	107
■ COCOA LCE	Mar	May	Mar	May
900	29	60	43	50
925	20	49	59	64
950	14	40	76	80
■ BRENT CRUDE IPE	Jan	Feb	Jan	Feb
1400	-	25	-	21
1450	-	5	-	-
1500	-	2	-	154

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Feb)

		+or-
Dubai	12.98-3.03w	+0.55
Brent Blend (dated)	14.22-4.24	+0.615
Brent Blend (Feb)	14.07-4.09	+0.51
W.T.I. (1pm est)	15.10-5.12w	+0.585

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	145-147	+4
Gas Oil	150-152	+4
Heavy Fuel Oil	54-56	
Naphtha	129-132	+2
Jet fuel	170-171	+1

Petroleum Argus Estimates

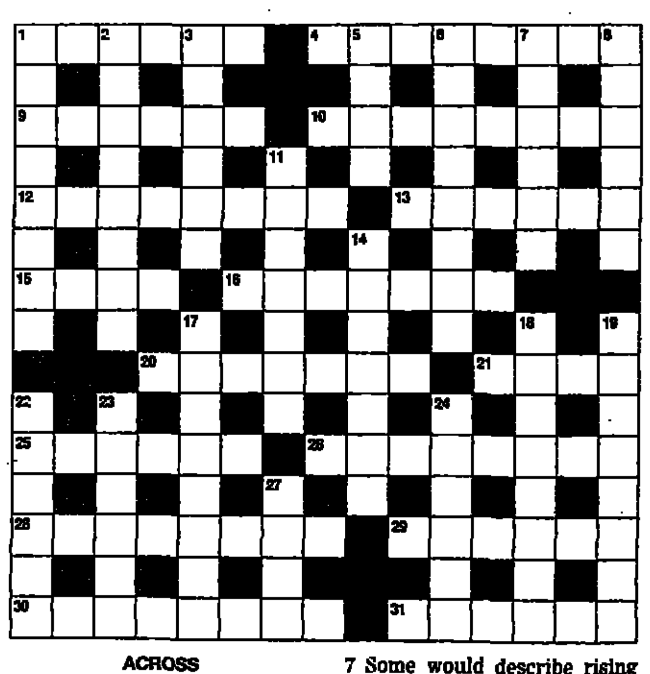
■ OTHER

Gold (per troy oz)♣	$396.50	+2.25
Silver (per troy oz)♣	524.5c	+1.0
Platinum (per troy oz.)	$397.25	-0.75
Palladium (per troy oz.)	$126.75	+1.75
Copper (US prod.)	85.0c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	12.17r	-0.32
Tin (New York)	221.5	-6.0
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	119.36p	-1.63*
Sheep (live weight)†♠	94.85p	-2.08*
Pigs (live weight)	63.61p	-5.84*
Lon. day sugar (raw)	$266.4	-3.7
Lon. day sugar (wte)	$288.9	-0.8
Tate & Lyle export	£290.5	-3.5
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£129.0z	
Wheat (US Dark North)	£175.0	
Rubber (Jan)♥	61.50p	-0.25
Rubber (Feb)♥	61.75p	-0.25
Rubber (KL RSS No1 Jul)	212.5m	+0.5
Coconut Oil (Phil)§	$637.5x	-10.0
Palm Oil (Malay.)§	$415.0z	-2.5
Copra (Phil)§	$432.5	
Soyabeans (US)	£205.0y	-3.0
Cotton 'A' Index	63.75c	+0.30
Wooltops (64s Super)	342p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jan/Apr w Feb. z Jan. v Sep/Oct. t Dec/Jan. x Feb/Mar. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

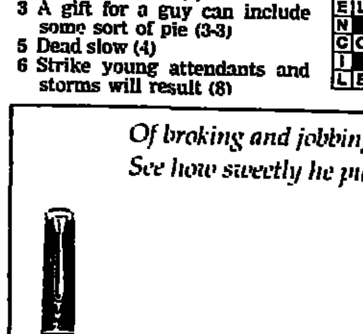
No.8,346 Set by VIXEN



ACROSS
1 Good reason to speak about cash return (6)
4 Dreadful man a girl reformed (8)
9 Tries to catch crooks (6)
10 Dash impressed the egghead (8)
12 Totally at fault with claim (8)
13 People not in a muddle (6)
15 Well-known statue set in an exquisite rose-garden (4)
16 Bored, so given training exercise (7)
20 The army officer's blanket (7)
21 Entrance the spectators (4)
25 Article on a band organised in Iran (6)
26 Write music showing taste (8)
28 The keeper getting payment in advance (8)
29 Put down a qualification that's topping (6)
30 Many got into line when stigmatised (8)
31 Not up-to-date, being retrogressive, but made progress (4,2)

DOWN
1 Hardened, so needs a new treatment (8)
2 Disclaimer for example accepted by 13 (8)
3 A gift for a guy can include some sort of pie (3-3)
5 Dead slow (4)
6 Strike young attendants and storms will result (8)
7 Some would describe rising early as a bloomer! (6)
8 A writer of raw English (6)
11 He'll order a great dish (7)
14 Charwoman making list in church, right? (7)
17 Indulging in large gin perhaps (8)
18 Force offering many a seaman work (8)
19 Hold back and shower after all the others (8)
22 Tough grass may be raised too (6)
23 Drawing behind the Spanish (6)
24 Save contention over a point (6)
27 The man receiving royal letters and present (4)

Solution 8,346



LONDON STOCK EXCHANGE

MARKET REPORT

Focus switches to the FT-SE Mid 250 stocks

By Terry Byland, UK Stock Market Editor

The managers of the big investment funds took a hard look at their pre-Christmas profits yesterday and began to reshape their portfolios, often moving out of blue chips and into second-line issues. Their endeavours brought contrasting performances by market indices: the FT-SE 100-share Index abandoned the 2,400 mark to close nearly 30 points off, while the FT-SE Mid 250 Index, covering a wider range of stocks, jumped a further 21 points to a new high of 3,820.4.

The process of repositioning was hurried along by another reversal of fortunes in the March Footsie future, which was sold off in the second half of the session, and by fresh losses in UK government bonds.

Trading volume was heavy, and yesterday's Seaq total of 907.7m shares traded was spared the distortions of the previous day when just in excess of 1bn shares passed through the electronic system; nearly 70 per cent of yesterday's trade was in non-Footsie stocks. Tuesday's retail trade in equities was worth £1.47bn, well up to the high levels recorded in the London market before Christmas.

At the final reading the FT-SE 100 was 29.3 off at 3,379.2. UK equities had opened hopefully, responding to a better performance from Wall Street overnight than had been expected in view of the concerns that US interest rates might be about to move higher. But after breaking through the 3,400 mark with a gain of 10.9 at 3,419.4, the market ran into a determined seller of stock index futures, on which the premium against the underlying index was quickly replaced by a discount.

Account Dealing Dates			
*First Dealings:	Dec 13	Jan 4	Jan 17
Option Declarations:	Dec 30	Jan 13	Jan 27
Last Dealings:	Dec 31	Jan 14	Jan 28
Account Day:	Jan 10	Jan 24	Feb 7

*New time dealings may take place from two business days earlier.

The institutions showed themselves very selective in trading activity, and concentrated on specific areas of the market. Media stocks continued to attract significant support as investors assessed the implications of the UK government's proposed review of cross media ownership. But the pharmaceuticals sector suffered heavily following reports of proposed changes in Italian healthcare.

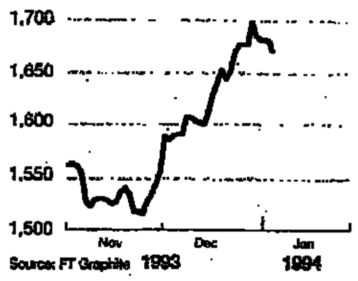
Some Channel ferry operators fell as the shipowners began to respond to reports of Eurotunnel's fares plans. And UK retail stores, still nervously awaiting details of the Christmas selling season, were sold down.

The final picture of the Footsie stocks was more mixed than the fall in the index suggested. Oil shares steadied on hints that the Opec ministers may meet again this month and attempt to stabilise crude prices. Insurance stocks attracted support but shares in the leading banks, which led the market last month, eased back ahead of their profits reporting season; the exception was TSB.

The London market tried to rally in mid-afternoon but found further cause for discouragement when Wall Street and other European markets looked hesitant. The close was the low point of the day and equity traders feared that the weakness which has characterised UK stocks since the return from the new year break could well continue for a while.

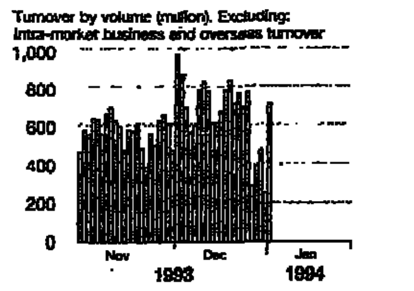
Some sources looked for a move on German interest rates at today's meeting of the Bundesbank council. But the hopes for a cut in UK base rates, which helped to drive the stock market to new highs before Christmas, have waned somewhat on fears that they may be held back until the spring, when the Budget tax rises will begin to hit consumers and the economy.

FT-SE A All-Share index



Equity Shares Traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Key Indicators

Indices and ratios

FT SE 100	3379.2	(-29.3)	FT Ordinary Index	2546.2	-5.8
FT-SE Mid 250	3820.4	(+21.0)	FT-SE-A Non Fins p/e	21.92	(22.01)
FT-SE-A 350	1690.7	(-9.3)	FT-SE 100 Fut Mar	3387.0	-33.0
FT-SE-A All-Share	1671.92	(-7.79)	10 yr Gilt yield	6.27	(6.20)
FT-SE-A All-Share yield	3.38	(3.37)	Long gilt/equity yld ratio:	2.00	(1.98)

Best performing sectors		Worst performing sectors	
1 Engineering, Vehicles	+2.7	1 Pharmaceutials	-2.2
2 Leisure & Hotels	+1.4	2 Tobacco	-1.8
3 Retailers, Food	+1.1	3 Telecommunications	-1.7
4 Textiles & Apparel	+0.9	4 Banks	-1.6
5 Other Financial	+0.8	5 Water	-1.4

Sellers hit drugs sector

Selected pharmaceutical stocks were driven lower as worries grew over the impact of new regulations in the Italian prescription drugs market.

SmithKline Beecham was the worst hit, the shares retreating 15 to 391p. Analysts said the group's £250m a year sales in Italy could be reduced by as much as 30 per cent under the new rules. Three SmithKline drugs – Argmentin, Refen and Seroxat – could be reclassified under the regulations omitting them from receiving state reimbursements for customer prescriptions. However, the drugs companies plan to appeal against the new regulations.

Glaxo, which tumbled 23 to 693p, was further undermined by a negative note from Goldman Sachs, which reaffirmed its view that over the long term the stock will underperform. The broker is concerned that the ending of patent rights for Tagamet – owned by SmithKline Beecham – in 1994 may bring lower usage of Zantac, the Glaxo-owned rival in the ulcer market, as cheaper alternatives to Tagamet become available.

A significant proportion of US health care managers responding to a Goldman Sach's survey indicated that they were likely to use less Zantac when generic Tagamet becomes available. However, a more positive Mr Nigel Barnes at Hoare Govett said: "The impact of generic Tagamet has been exaggerated and the therapeutic differences between Zantac and Tagamet underestimated. The choice of product is more then just price alone."

Elsewhere, Wellcome staged a recovery, the shares gaining 5 at 665p, with Salomon Brothers issuing a buy note. The broker argued that the shares had been oversold and said that even on the most pessimistic assumptions compound annual eps growth of 12 per cent can be expected over the next four years.

TV stocks busy

Television stocks were once again among the day's best performers as James Capel turned more positive on the sector as a whole.

The agency broker urged investors to "go overweight" from its previous "in line" advice, its favourite stock being Carlton Communications. Shares in Carlton ended 12 ahead at 959p, having touched 964p earlier in the day, in trade of 2.4m.

The recommendation from James Capel gave a further boost to a sector buoyed by bid speculation following news of a wide ranging review of UK cross-media ownership. Further advances were seen in LWT, up 20 at 626p, after it said it was still in merger talks with Yorkshire-Tyne Tees, 18 ahead at 192p. However, it was a strong recommendation from UBS that sent Granada 18 better to a record 539p, on volume of 6.1m. Anglia, another potential takeover candidate, put on 8 at 441p.

Among publishing stocks, James Capel also favours United Newspapers and the shares climbed 22 to 676p.

Legal & General advanced 6 to 511p after Strauss Turnbull turned buyers of the stock. Analysts at the broking house said it had been oversold in recent sessions. Strauss also advised investors to switch out of Guardian Royal Exchange and into Commercial Union. The former shed 2 to 228p, while the latter was 2 firmer at 647p.

The onset of a ferry price war ahead of the opening of the Channel tunnel later this year weakened P&O, one of the main ferry operators across the channel. The shares retreated 19 to 619p.

Meanwhile, Channel tunnel operator Eurotunnel continued in demand following Tuesday's funding agreement with the group's bankers. The shares gained another 14 to 644p with the stock once again reported to have been heavily traded in Paris where it is also listed.

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (336).

GILTS (2) BANKS (2) Allied Irish, Bank Ireland, BREWERIES (2) Regent Inns,Wetherspoon (J.D.), BUILDING & CNSTRN (11), BLDG MATLS & MCHTS (5) CRH, Freeman, Heywood Williams, Do. Prf., Tarmac ,CHEMICALS (2) BTP, Manders, DISTRIBUTORS (13) DIVERSIFIED INDLS (5) Antofagasta, Powell Duffryn, Suter Warrants, Williams, Do. Wspc Cv. Prf., ELECTRNC & ELECT EQUIP (9), ENGINEERING (15) ENG, VECHICLES (4) Caverdale, GKN, Laird, Syltone, EXTRACTIVE INDS (33) FOOD MANUF (5) Assoc. Brit. Foods, Banks (S. C.), Cadbury Schweppes, Greencore, Matthews (B). GAS DISTRIBUTION (1) Calor, HEALTH CARE (2) Quality Care Homes, Takare, HOUSEHOLD GOODS (3) Creighton Naturally, Osborne & Little, Portmeirion Potts., INSURANCE (4) Bradstock, Hiscox Select Ins., Independent Ins., PWS. INVESTMENT TRUSTS (110), INVESTMENT COMPANIES (9) LEISURE & HOTELS (3) Castle Comms., Granada, Rank Org., MEDIA (16). MERCHANT BANKS (1) Close Bros, OIL EXPLORATION & PROD (1) Europe Energy, OIL, INTEGRATED (1) Burmah Castrol, OTHER FINANCIAL (12) OTHER SERVS & BUSNS (8) Bertam, General Motors Units, Greenway,PRTNG, PAPER & PACKG (9). PROPERTY (16) RETAILERS, FOOD (3) Fitzwilton, Park Food, Shoprite, RETAILERS, GENERAL (5) Allders, Moss Bros, Next, Smith (W. H.) 'B'. Sothebys A, SPIRITS, WINES & CIDERS (1) Matthew Clark, SUPPORT SERVS (7) Hays, Lyro., Nesco, Page (M), Serco, Vega, Virtuality, TEXTILES & APPAREL (6) Allied Textile, British Mohair, Cassidy Bros., Helene, Jacques Vert, Yorklyde, TRANSPORT (7) Brit Airway Cap 9¾pc Cv., Eurotunnel Units, Do. Wts. 1993, Goode Durrant, Jacobs (J.I.), Tibbett & Britten, Vard, WATER (4) Cheam A, Do. B, East Surrey, York, SOUTH AFRICANS (1).

NEW LOWS (27).

GILTS (7), CHEMICALS (1) ELECTRNC & ELECT EQUP (2) ENGINEERING (1) HEALTH CARE (1) INSURANCE (1) MEDIA (1) OIL EXPLORATION & PROD (2) OTHER FINANCIAL (1) PHARMACEUTICALS (1) PRTNG, PAPER & PACKG (1) RETAILERS, GENERAL (2) SUPPORT SERVS (1) TEXTILES & APPAREL (1) AMERICANS (3) SOUTH AFRICANS (1).

Profit-takers moved into the stores sector, although some second liners were in demand on the talk of good Christmas sales. Allders jumped 14 to 218p, with encouraging trade reports from John Lewis and House of Fraser said to have underpinned support. Luxury goods group Vendome gained 8 to 394p and Sears edged up 1¼ to 126½p. Moss Bros climbed 17 to 260p. WH Smith ran out of steam, down 3½ at 514p, but reports of strong book sales again lifted Pentos, up 2 at 29p. Among jewellery groups, Signet added 1¼ to 27¾ and Goldsmiths put on 3 to 91p. Among the majors, Boots slid 6 to 583p, GUS 8 to 637p, Kingfisher 10 to 762p and Dixons 4 to 283p.

A hefty note from Kleinwort Benson on pub operators brought some interest to an otherwise muted drinks sector. The broker advised selling Boddington, off 5 at 280p, because of the shares' big premium to asset value and the likely sale of the near-20 per cent stake held by Whitbread. It was also negative on Vaux, down 3 at 269p, which it considers fully valued. Greene King, however, survived the broker's bearish remarks to climb 2 to 553p. Bass added 7 to 548p with Warburg said to be positive.

There was another day's busy trading in Ladbroke, although the large gains made on Tuesday were reigned in and the shares finished the session just 2 ahead at 177p. Turnover reached 10m. Thorn EMI jumped 21 to a record 1011p in lumpy volume of 2.2m, with dealers attributing the rise to continued talk of takeover in the multimedia market.

A clutch of broker's recommendations following Tuesday's announcement by Williams Holdings that it was buying a US commercial locks manufacturer, boosted the group's shares. They jumped 15 to 391p, with volume reaching 2.2m. The list of brokers recommending the shares included Robert Fleming and NatWest Securities.

A firm gold price coupled with favourable comment lifted international trading group Lonrho 6 to 140p.

Among aerospace and engineering stocks, Westland Group advanced 9 to 265p, on news that it had won a £150m helicopter order from Brazil. Henderson Crosthwaite was reported to have acted for the day's big buyer of Rolls-Royce. The shares put on 5 to 168p, in active trading of 8.5m shares.

In motors, investors turned their attention to GKN, one of last year's underperforming stocks, with some talk of the possibility of an improvement in the group's European markets this year. The shares jumped 22 to 547p, while Laird Group, added 11 to 356p, in sympathy.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo.

■ Other statistics, Page 17

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures yesterday had rather less influence over underlying share prices than on the previous session, but suffered a further bout of selling pressure, *writes Terry Byland.*

As in previous sessions, the trend was somewhat erratic, but the March contract on the FT-SE 100 Index was finally dominated by a single determined seller.

The first few hours of trading went well, with the March contract at a premium of around 20 points to cash, against a fair value premium estimated at around 13 points. This provided opportunities for arbitraging, when the futures can be bought and the underlying shares sold.

But such operations were soon driven out of court when the seller of the contract emerged in the mid-morning. The contract fell off and was briefly at a discount to the cash market.

In spite of attempted rallies, March closed at the low of the day to show a premium of only 9 points to the Footsie index itself, and therefore a discount of around four points to fair value. Volume was fairly high at 15,761 lots, and the contract continued to ease in later trading.

Traded options had a busy session, recording 63,977 contracts traded, against 40,740 previously. Mirroring the stock market, the FT-SE contract saw turnover dip to 14,165 from Tuesday's 18,658. The Euro FT-SE contract reported 10,948 deals.

Among individual stock options, brokerage recommendations continued to provide the driving force. Both Fisons (1,760 lots) and Ladbroke (1,565) benefited under this score. Land Securities (6,183) headed the list.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3432.0	3387.0	-33.0	3442.0	3381.0	15761	65148
Jun	3430.0	3398.5	-32.5	3430.0	3412.0	165	1863

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3380) £10 per full index point

	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P
Jan	180½	4	134½	6½	91	14	53½	29	28	54	12	89½	5	133½	2	182½
Feb	198	15	155½	22½	117½	35	84½	52	58½	75	35	104½	21	142	12	185½
Mar	212½	28	174½	39½	137½	52½	108½	71½	77½	93	58	121	37½	154	22½	192½
Apr	225	40	187½	51½	152	65½	121½	85	93½	107½	71½	136	52	167½	38	204½
Jun†	259½	58	-	-	182	88	-	-	123½	129½	-	-	78	185		

Calls 7,031 Puts 7,061

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P
Jan	249½	2½	201½	3½	153½	6	107½	12	70½	21	40½	38½	18½	67½	7	107½
Feb	269½	9	221	13	177½	19½	137½	28½	101	42	79	60½	45½	85½	27½	117
Mar	276½	17			192½	31½			128½	59			86	103		
Jun	308½	39			231	61½			166	93½			112½	138		
Sept†	338½	59			264½	83			202	118½			149	160½		

Calls 5,225 Puts 5,083 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	25,000	60¼	+3
Abbey National†	1,600	493	-16
Albert Fisher	2,100	68	
Allied-Lyons†	2,400	658	-15
Anglian Water†	411	569	-13
Argos	1,800	377	-2
Argyll Group†	4,800	284	+½
Arjo Wiggins†	598	238	-1
[illegible]			

FT-SE Actuaries Share Indices — The UK Series

	Jan 5	Day's chge%	Jan 4	Dec 31	Dec 30	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3379.2	-0.9	3408.5	3418.4	3428.8	2826.0	3.48	5.16	24.09	0.71	1237.86
FT-SE Mid 250	3820.4	+0.6	3799.4	3791.3	3786.8	2919.3	3.19	4.97	24.82	4.04	1386.86
FT-SE Mid 250 ex Inv Trusts	3808.4	+0.6	3787.5	3777.3	3772.5	2939.6	3.31	5.35	23.27	4.03	1377.78
FT-SE-A 350	1690.7	-0.5	1700.0	1703.0	1706.6	1396.3	3.42	5.12	24.25	0.68	1268.62
FT-SE SmallCap	1687.98	+0.7	1674.73	1668.68	1664.90	1396.38	2.89	3.66	35.19	0.98	1432.24
FT-SE SmallCap ex Inv Trusts	1836.75	+0.6	1825.29	1818.15	1814.02	1403.91	3.09	4.08	32.27	1.03	1395.79
FT-SE-A ALL-SHARE	1671.92	-0.5	1679.71	1682.17	1685.26	1363.66	3.38	5.02	24.75	0.68	1276.75

■ FT-SE Actuaries All-Share

	Jan 5	Day's chge%	Jan 4	Dec 31	Dec 30	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2551.16	+0.2	2545.37	2583.59	2575.54	1953.50	3.46	4.89	24.79	0.00	995.15
12 Extractive Industries(4)	3814.06	-0.6	3837.76	3716.00	3720.62	3192.50	3.27	4.80	24.66	0.00	1026.39
15 Oil, Integrated(3)	2484.02	+0.4	2474.69	2514.90	2528.50	1806.20	3.52	5.14	24.24	0.00	987.72
16 Oil Exploration & Prod(11)	1761.62	+0.8	1748.54	1763.53	1772.25	1838.70	3.25	3.90	32.91	0.00	999.03
20 GEN MANUFACTURERS(263)	2020.83	----	2020.77	2021.61	2021.12	1626.80	3.65	3.33	41.31	0.69	1000.04
21 Building & Construction(31)	1319.08	+0.6	1311.70	1307.65	1310.13	826.50	2.68	1.32	80.00†	0.29	1009.02
22 Building Matls & Merchs(29)	2198.06	+0.3	2190.98	2183.93	2174.02	1421.70	3.21	2.67	51.52	1.14	1007.13
23 Chemicals(20)	2298.84	-0.7	2314.53	2327.83	2324.56	2056.40	4.02	0.39	‡	0.00	987.55
[illegible]											

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	74	9
Other Fixed Interest	6	0	9
Mineral Extraction	84	30	80
General Manufactures	192	78	371
Consumer Goods	45	34	104
Services	188	63	267
Utilities	13	29	3
Financials	110	47	212
Investment Trusts	201	32	233
Others	43	56	41
Totals	883	443	1343

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

TRADITIONAL OPTIONS

First Dealings	Dec. 20	Last Declarations	March 24
Last Dealings	Jan. 7	For settlement	April 5

3-month call rate indications are shown in Saturday editions.

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LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or –	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£25⅝	+⅛	£25¼	£18¼	7,070	4.1	13.5
ANZ A$		223	–2½	226½	130	2,917	4.1	φ
Abbey National	†□	493	–16	524	345	6,463	3.0	19.0
Allied Irish I£	♣†a□	300	+5	301	179	1,974	3.5	15.3
Anglo Irish I£	M□	89xr	+3½	*89	28	143.8	7.1	φ
Asahi Y		657	+4	844	415	16,243	0.7	–
Banco Bil Viz Pta		£18⅛	+¼	£17⅞	£13⅜	3,493	5.5	6.8
Banco Sant Pta		£31¼	+¼	£38	£24⅜	3,472	4.2	11.6
Bank Leumi (UK)		375	—	375	325	29.6	5.7	–
Bk Ireland I£	♣uz□	303	+9	*303	177	1,425	4.1	22.3
Bank Scotland	♣†□	215	–5	240½	116½	2,498	2.7	29.2
9¼pc Pf		138½	–1	140¾	117¾	138.5	8.3	–
9¾pc Pf		146½	–1	147¼	123½	146.5	8.4	–
Barclays	†N□	614	–20	652	362	9,859	2.5	–
Dai Ichi Kan Y		1073	+5	1585	857	33,491	0.5	59.3
Deutsche DM		£340½	–2⅞	£348⅞	£250½	16,210	1.8	–
Espirito Santo		£23⅝	+⅞	£24	£16½	262.8	3.5	6.6
First Nat Fin	Z□	80½	+½	*95	45	98.9	1.0	–
6.3pc Cv Pf		78xd	—	*91	55	6.24	10.1	–
7pc Cv Pf		123xd	—	167½	108	58.4	7.1	–
Fuji Bank Y		1491	—	1651	876	40,565	0.4	–
HSBC HK	†□	982	–3	1007	474	16,762	2.5	23.5
HSBC (75p Shs)	†□	965	–7	987	490	7,922	2.6	23.1
Lloyds	†□	642	–16	680	492	8,243	3.7	18.4
Mitsubishi Y		£15⅞	—	£18¾	£11⅛	44,965	0.3	–
Mits Tst & Bk Y		£8⅞	–⅛	£10½	£4⅝	8,952	0.7	11.0
Mitsui Tst & Bk Y		514	–2	852	374	6,159	1.0	17.5
Nat Aust A$		567	+1	575	322	7,451	4.0	φ
NatWest	†□	598	–13	634	398	9,938	3.7	38.3
Ottomane FFr		£28¼	—	£28¼	£23¾	141.3	5.3	8.3
Ryl Bk Scotland	♣N□	443	–11	470	207	3,517	3.1	20.0
Sakura Y		£8¾	+⅛	£11	£5¾	28,995	0.6	54.6
Sanwa Y	a	£12⅜	+⅛	£16	£7¼	35,895	0.4	–
Standard Chartd	†□	1226	–1	1263	576	2,919	2.1	–
Sumitomo Y		£11⅝	—	£16¼	£8⅞	36,511	0.5	25.0
Sumitomo Tst Y		£8⅝	+⅛	£9⅞	£4⅜	8,240	0.8	51.9
TSB	□	241	+2	280	145½	3,858	3.3	–
Tokai Y		£8⅞	—	£9⅞	£4⅞	13,983	0.8	45.9
Toyo Tst & Bk Y		599	+11	848	411	4,707	0.8	53.4
Westpac A$		211	—	214	121	3,699	2.6	φ
Yasuda Tst Bk Y	‡	445	+2	690	343	4,908	1.1	39.6

BREWERIES

	Notes	Price	+ or –	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs	□	6	—	16½	4½	21.2	–	–
Bass	qN□	548	+7	647	441	4,756	4.5	14.9
Boddington	†□	280	–5	289	189	337.7	3.4	16.3
Burtonwood		179	—	184	129	37.2	3.3	15.0
Eldridge,Pope A	⚘	142xd	—	145	75	27.8	3.1	φ
Fosters A$		65	–1	70½	50	2,092	4.2	φ
Fuller STA	♣†	425xd	—	435	338	88.3	2.2	18.2
Gibbs Mew	⚘†	403	+5	403	149	28.9	2.6	19.8
Greenalls	♣qN□	468xd	–3	475	347	676.7	3.3	16.1
Greene King	†N□	563xd	+2	575	505	233.9	2.8	15.5
Grosvenor Inns	♣⚘	146	–1	148	78	11.8	3.6	19.6
Holt (J)	†	3138	—	3138	2538	94.1	1.7	20.4
⚘Hoskins	□	75	—	80	33	4.38	–	54.0
Kirin Y		702	+28	868½	590	7,388	0.9	28.5
Mansfield	†N	246	—	246	164	157.4	2.0	17.6
Marston Thomp	†N□	273	–2	299	231	247.3	2.5	15.2
Morland	N	513	—	580	455	110.3	2.4	17.6
Paramount	♣⚘□	10½	—	12	6¼	5.28	2.1	φ
Regent Inns	♣N	222	+3	222	145	32.5	2.5	22.5
Scott & New	†N□	529xd	–3	*554	393	2,803	4.0	16.2
United Breweries	⚘□	8	—	12	7	12.1	–	–
Vaux	♣□	269xd	–3	283	213	373.6	4.4	φ
Wetherspoon (J.D.)	N□	371	+9	371	225	118.2	1.8	28.8
Whitbread	†N□	572	–9	592	435	2,974	3.9	13.7
Wolv & Dudley	□	526	–1	613	463	348.2	3.0	φ
N/V	†	423	—	460	415	24.1	4.4	17.5
Young A	†	485	—	515	475	14.1	3.8	30.1

BUILDING & CONSTRUCTION

	Notes	Price	+ or –	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Abbey I£		160	—	160	73	62.0	1.6	26.3
Allen	♣M	158	—	160	87	41.8	4.0	35.4
AMEC	□	126	—	128	65	254.5	3.0	23.3
6½p Cv Pf		107½	—	108	70	218.8	7.7	–
Amco Corp	♥	61	—	76	36½	5.50	–	–
Andrews Sykes	N□	68	—	145	65	9.70	5.5	–
Anglia Sec	□	9½	—	12	4	3.14	–	–
Arcadian Intl		38	—	47	35	26.8	–	–
Ashtead	q□	337	—	*337	150	101.1	1.7	35.6
[illegible]								

BUILDING MATERIALS & CNSTRN

[illegible]

BUILDING MATERIALS & CNSTRN - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING VECHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

TRANSPORT - Cont.

	Notes	Price	+ or −	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Stagecoach	N□	170	+7	178	112	211.3	2.8	20.7
TNT AS		88	----	88	31½	503.1	–	–
Tibbett & Britten	♣†	850	+4	860	624	372.3	1.9	32.6
Tiphook	N□	75	+9	382	37	83.0	–	–
Transport Dev.	♣N□	289	+4	298	227	424.8	4.1	8.6
Ugland Intl	□	98	----	111	98	23.6	–	–
Vard NKr		£5½	+⅛	£5⅞	£1⅝	177.9	–	–
Wah Kwong HK$		146	----	146	97½	184.7	2.3	7.2

WATER

	Notes	Price	+ or −	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglian	♣†N□	568	−13	610	455	1,684	4.7	11.4
Bristol Water	†N	1048xd	+3	1065	775	68.6	3.8	12.8
Chesam A	†	453xd	+8	453	195	22.8	3.2	16.2
B N/V		428xd	+18	428	180	10.3	3.2	15.3
East Surrey	†	379	+1	379	270	47.9	3.9	9.4
Mid Kent	†N	348	----	348	244	59.5	3.8	12.8
North West	†N□	580	−13	604	431½	2,088	4.9	9.3
Northumbrian	♣†N□	705	−7	761	547	477.3	4.1	8.3
Severn Trent	♣†N□	591	−10	632	439	2,121	4.6	9.1
South Staffs	♣†	1525	----	1605	1225	83.4	4.0	10.9
South West	♣†N□	619	−10	657	465	775.6	4.9	10.2
Southern	†N□	648xd	−13	695	454	1,086	4.2	10.4
Thames	♣†N□	589	−1	598	454	2,230	4.7	11.1
Welsh	†N□	682	−7	735	506	984.1	4.4	6.9
Wessex	†N□	716xd	−4	*745	530	898.4	3.9	11.4
York W'works	♣†	333	+5	333	210	20.8	3.6	14.7
Yorkshire	♣†N□	590	−7	630	473½	1,178	4.6	9.8

AMERICANS

	Notes	Price £	+ or −	1993/94 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		19⅞	−¼	20⅝	15⅝	16,379	2.3
Amdahl		454p	+22	591p	294p	530.8	0.7
Amer Cyanamid		33⅜	−⅜	38	31¼	2,998	3.5
Amer Express		20¼xd	+¼	25⅛	14⅞	8,745	3.3
Amer T & T		35¼	−¼	43¼	33⅛	47,502	2.5
Ameritech		50⅛	−1⅛	58¾	46	21,946	4.9
Anheuser-Busch		31¾	−⅛	41¼	29⅜	8,786	3.0
BankAmerica		30⅞	+⅛	36⅛	27⅛	10,954	3.0
Bankers NY		52⅛	+⅛	64¾	42⅝	4,358	3.9
Bell Atlantic		38	−1⅜	44¼	32¼	16,588	4.7
BellSouth		38⅞	−1¼	42⅝	32⅞	18,216	5.0
Bethlehem Steel	♥	13½	----	13¾	8½	1,221	–
Bowater		1597p	+4	1602p	1189p	578.7	2.5
CPC		32	+½	34⅝	26	4,894	2.7
California Engy		1244p	−5	1478p	1086p	226.5	–
Chase Manhattan		22⅛	−⅛	24⅞	17⅛	4,119	3.6
Chrysler		37⅛	+1⅛	38	21¼	10,963	1.4
Citicorp		24⅞	+⅛	28	13⅛	9,430	–
Colgate-Palm		40¼	−⅛	45⅝	32	6,436	2.4
Cont'l Bank		1774p	+12	1877p	1278p	1,792	2.3
Dana		39½	−⅛	40⅛	29⅛	1,813	2.7
Data General		639p	−13	951p	527p	176.3	–
Decora Inds	♥	87p	+7½	146p	79½p	–	–
Dun & Brad		40⅞	−⅛	45⅞	37⅛	7,288	4.0
Eaton		34½	−¼	37⅛	25⅛	2,400	2.3
Echlin		22¼	−⅛	23⅛	15⅛	1,298	2.1
FPL		25¼	−¼	27⅞	23¼	4,878	6.4
Ford Motor		42⅞	+⅛	43⅞	29⅛	21,093	2.5
Gen Elect		69⅛	−⅞	71¾	53⅞	59,225	2.4
General Host	♥	448p	−17	723p	446p	–	5.1
Gillette		39¾	−⅛	43⅛	31⅛	8,761	1.4
Hasbro		20⅞	----	20⅞	30⅞	1,819	0.8
Honeywell		22⅛	−½	26½	20⅛	4,587	2.9
Houston Inds		31½	−¼	33¾	28¼	4,107	6.3
Ingersoll-Rand		26⅛	+⅛	26½	19⅛	2,769	1.8
Lockheed		44¼	−1⅞	47⅞	35⅛	2,744	3.2
Lowe's		3876p	−39	3915p	1573p	2,827	0.5
Maxxy Technology		248p	+8	432p	127p	–	–
Merrill Lynch		28⅞	−⅛	33⅛	18½	8,848	2.0
Morgan (JP)		46¼	−⅜	52¾	38¾	8,862	–
Morris (Philip)	♣	39⅝	−¼	52⅝	28	33,848	4.5
NYNEX	h	27	----	32⅛	26¼	11,143	5.8
Pall		11¾	−⅜	15	10⅞	1,363	1.8
Pennzoil		36¼	+⅞	47¼	31⅛	1,860	5.5
Quaker Oats		47⅛	−⅝	50⅛	39⅛	3,420	3.0
Questor		135p	----	687p	40½p	12.8	–
Rockwell		24¼	----	25⅞	18⅛	5,318	2.7
Rep NY		30⅛	−⅛	37⅛	29⅞	1,619	2.3
Sears, Roebuck		35½	+¼	39⅛	18⅛	9,193	3.0
Sthwestern Bell	h	27⅜	−¼	30½	23⅜	16,380	3.7
Sun Co		20⅝	+⅜	21⅞	14¾	2,192	5.8
Tenneco		35⅛	+⅛	36¼	25½	6,002	3.0
Texaco		43⅞	−⅛	46⅛	37⅜	11,383	4.9
Time Warner		28	−1¼	30⅞	18⅝	10,927	0.8
Unitab	♥	400p	+7	509p	358p	182.1	–
US West		30⅛	−⅞	35	24¾	12,485	4.7
Verity		2988p	−40	3061p	1886p	897.5	–
WMX Technologies		18⅝	+⅝	27⅛	15⅞	9,107	2.7
Whirlpool		4389p	−51	4577p	2824p	3,068	1.9
Woolworth	♥	18⅛	−⅛	21½	14	2,224	4.6

CANADIANS

	Notes	Price £	+ or −	1993/94 high	low	Mkt Cap£m	Yld Gr's
Amer Barrick		2047p	+12	2047p	890½p	5,836	0.3
Bk Montreal	h	14⅛	----	14¼	11⅛	3,512	4.0
Bk Nova Scot		1572p	−1	1573p	1111p	3,303	3.7
BC Gas	♥	864p	+7	876p	723p	–	3.5
BCE		23⅜	−⅜	26⅛	20⅝	7,159	5.7
Brascan	♥	837p	+15	840p	454p	690.3	6.3
Can Imp Bk		1693p	−2	1749p	1228p	3,518	3.9
Can Pacific		1111p	+1	1182p	810p	3,543	1.5
4pc Deb		49½	+¼	49½	38	23.1	8.3
Darlan	♥	275p	----	287p	164p	–	5.1
Echo Bay	♥	972p	+25	972p	365p	1,088	0.8
Gulf Can	♥	222p	+6	304p	147p	352.1	–
Hawker Sid	♥	13	----	14⅛	10⅛	106.6	4.2
Hudson's Bay	♥	2013p	−15	2083p	1485p	601.3	2.0
Imperial Oil	♥	23	----	26½	20⅜	4,458	4.0
Inco		18⅛	−⅛	18½	11¾	1,990	1.5
Nova Corp Alberta		470p	−3	527p	410p	1,409	2.6
Rio Algom	♥	1132p	−1	1141p	830p	495.1	2.7
Royal Bk Can		1482p	−1	1482p	1125p	4,851	4.0
TVX Gold	♥	473p	+6	473p	129½p	834.0	–
Toronto-Dom		1093p	+2	1142p	753p	3,290	3.5
Trans Can Pipe	♥	1010p	−23	1119p	847p	1,769	4.2

SOUTH AFRICANS

	Notes	Price	+ or −	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£13½	----	£13½	£7½	806.4	5.2	11.2
Barlow Rand		£8½	−⅜	£10⅝	£5½	1,669	4.1	Φ
Gold Fields SA R		1788	−12	1800	725	1,726	2.3	29.6
MK Props	sa	90	----	97	68	3.62	15.1	Φ
SASOL	♥	291	−4	306	215	1,648	5.3	–
SA Brews		1480	−41	1521	753	8,005	1.9	24.5
Tiger Oats		813	----	813	513	1,221	2.0	17.2
Tongaat-Hulett	†	471xd	−1	472	212	352.5	3.2	13.1

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ)
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield, p/e based on earnings updated by latest interim statement.
- ◆ Unregulated collective investment scheme

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Not subject to ACT. z Dividend yield includes a special payment. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Figures based on IIMR "Headline Earnings". P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783						
AIB Grofund American	5	159.5	165.3	177.1	-0.60	0.00
AIB Grofund Equity	5	248.2	251.2	263.8		1.81
AIB Grofund Euro	5	201.9	203.4	214.1	+0.40	0.00
AIB Grofund Expt Balanced	3	122.4	123.6	128.1	+0.80	1.22
AIB Grofund Gilt	3	82.83	82.84	85.30	-0.29	4.24
AIB Grofund Japan	5	154.9	156.3	164.5	+2.10	0.00
AXA Equity & Law Unit Tst Mngrs (1200)H						
Equity & Law Hse, Corpn St, Coventry 0203 553231						
General Inc	5	488.4	489.9	521.2	+2.8	2.10
General Acc	5	542.1	543.7	578.5	+3.0	2.10
UK Growth Acc	6	367.3	372.0	395.8	+2.0	2.28
UK Growth Inc	6	257.2	260.4	277.1	+1.3	2.28
Higher Inc Acc	6	685.9	693.0	737.4	+4.1	3.20
Higher Inc Inc	6	410.2	415.6	442.2	+2.5	3.20
Gilt/Fxd Int Acc	5½	196.0	196.0	208.9	-0.4	5.48
Gilt/Fxd Int Inc	5½	100.2	100.2	105.8	-0.2	5.48
Nth America	6	266.8	262.9	279.7	-0.8	0.00

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Capel-Cure Myers UT Magt Ltd - Contd.						
Exempt Fund						
High Yield	2	1403.00	1413.00	1457.00	-10.00	3.71
(Accum Units)	2	1687.00	1700.00	1753.00	-13.00	3.71
Capital House Unit Tst Mgrs (1200)F						
Capital House, Festival Square, Edinburgh.						
031-228 4477 Dealing 0800 833591						
American Gwth Tst	6	37.47	37.83	40.45	+0.06	0.91
American Gwth Tst Acc	6	37.68	38.05	40.68	+0.06	0.91
Cash Acc	0	61.44	61.44	61.44	+0.01	5.30
Do Income	0	50.23	50.23	50.23		5.30
European Gwth	6	39.70	39.70	42.34	(4)	0.83
Income & Gwth Acc	6	31.87	32.23	34.40	-0.45	3.89
Do Income	6	29.39	29.36	31.40	(4)	3.94
Intnl Gwth	6	31.71	31.78	33.98	+0.21	0.76
Japan Gwth	6	24.54	24.84	26.24	+0.34	-
Managed Tst Acc	6	53.48	53.67	57.40	-0.02	0.47
Do Income	6	51.81	52.09	55.71	-0.02	0.47
Oriental Opps Acc	6	188.8	191.3	204.6	-0.8	0.49
Do Income	6	183.7	186.1	199.0	-0.7	0.49
Property Shares	6	44.45	46.02xd	49.21	+2.21	1.66
Smaller Cos	6	30.92	30.92	33.06	-0.70	1.60
UK Growth Tst	6	26.79	26.87	28.64	+0.30	2.81
Mngd Exempt Acc	3	272.3	272.3xd	282.7	-3.2	2.24
Do Income	3	253.8	253.8xd	263.5	-2.9	2.24
Royal Scottish Assurance						
Roy Scot/Cap Hse Global Acc	6	78.66	79.05	84.54	+0.42	1.60
Do Income	6	74.83	75.18	80.40	+0.4	1.60

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Fidelity Investment Servs Ltd - Contd.						
Income Funds						
High Income	4	28.43	28.78xd	30.28	(3)	4.69
Income Plus	5¼	123.7	123.7xd	131.6	(4)	3.93
Amer Eq Inc	5¼	48.10	48.10	51.65	(2)	1.88
European Income	5¼	43.71	43.95	46.74	(3)	2.43
Far East Inc	5¼	68.68	68.68	73.82	(2)	2.20
Global Convertible	5¼	24.83	24.83xd	26.49	(2)	2.16
Equity Funds						
ASEAN	5¼	80.24	82.08	87.56	(3)	0.00
American	5¼	220.0	220.0	247.1	(2)	0.00
Amer Spec Sits	5¼	111.7	111.7	118.2	(4)	0.00
Japan Smaller Cos.	5¼	36.40	36.40	37.77	(4)	0.00
European	5¼	154.7	155.7	165.6	(2)	0.00
European Opps	5¼	58.07	58.24	61.93	(1)	0.00
UK Growth	5¼	87.31	88.04	93.87	(2)	0.00
Growth & Inc	5¼	157.3	157.3xd	167.3	(2)	2.44
Intl PEP	5¼	35.78	36.03	38.31	(1)	0.00
Japan Spec Sits	5¼	77.87	77.87	83.09	(2)	0.00
Japan	5¼	168.8	168.8	178.4	(2)	0.00
Managed Intl	5¼	261.0	261.0	278.7	(1)	0.00
Moneybuilder	5¼	51.38	51.64	55.09	(2)	0.00
Recovery	5¼	41.10	42.14	44.81	(2)	0.00
South E. Asia	5¼	187.6	189.2	201.9	(3)	0.00
Special Sits	5¼	497.0	497.6	529.5	(2)	0.00
Specialist Funds						
UK Index	5¼	118.0	118.0	127.1	—	3.01
UK Reverse Index	5¼	71.83	71.83	75.58	—	4.94

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Granville Unit Tst Mngmt Ltd (0650)F						
Small Co's	5¼	89.07				
Bridge Income	5	286.93				
Guardian Royal Ex Unit Mgrs Ltd (1000)F						
36 Harbour Exchange Sq, Lon E						
Cash	0	139.9				
European	6	437.8				
Gilt & Fixed	6	141.5				
Growth Equity	6	339.1				
Income Trust	6	129.0				
International	6	184.3				
Japan Trust	6	114.4				
Nth American	6	272.2				
Pacific	6	667.2				
Guardhill	6	483.7				
Accum Units	6	502.1				

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (V) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

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TSB Unit Trusts (1200)F

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	5	226.56	227.94	242.48	+0.81	–
Do Accum	5	[illegible]	231.86	[illegible]	+0.34	–
TSB Gilt Growth	5	100.01	101.19	[illegible]	[illegible]	1.66
Do Accum	5	118.43	[illegible]	127.47	[illegible]	1.66
TSB Extra Income	5	212.80	216.17	[illegible]	[illegible]	[illegible]
TSB Smaller Cos	5	72.81	74.49	79.24	[illegible]	[illegible]
TSB Income	5	367.82	373.03	[illegible]	+2.17	3.26
TSB Pacific	5	402.75	407.96	437.00	-4.42	–
TSB International	5	573.82	587.04	[illegible]	+4.84	0.11
Do Accum	5	752.70	762.68	811.25	[illegible]	0.11
Do Accum	5	70.70	70.30	74.88	-0.44	1.52
TSB High Income	5	71.10	71.94	76.53	-0.17	[illegible]
Do Accum	5	86.61	87.53	93.12	+0.30	3.87
TSB Special Income	5	[illegible]	67.40	71.79	-0.17	4.62
Do Accum	5	75.79	76.58	81.48	-0.16	4.62

T.U. Fund Managers Limited (1200)F

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross

AXA Equity & Law Life Assce

Amersham Road, High Wycombe 0494 463463

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equities Ser 5	987.7	1039.6	+3.1	–
Higher Income Ser 5	1062.4	1118.3	+5.2	–
Property Ser 5	520.6	548.0	–	–
Fixed Interest Ser 5	426.9	449.3	+0.3	–
Index Lnkd Secs Ser 5	189.4	199.3	-0.5	–
Dep Deposit Ser 5	288.2	303.3	–	–
Nth American Ser 5	438.4	462.5	+1.1	–
Far East Ser 5	581.2	611.7	+2.8	–
Europe Ser 5	365.1	384.3	+0.5	–
International Ser 5	888.5	[illegible]	+1.9	–
Managed Ser 5	712.6	750.1	+2.5	–
Reserve Ser 5	149.0	156.8	+0.1	–
Opportunity Ser 5	164.4	173.0	+0.7	–
Distribution Ser 5	109.4	115.1	-0.1	–
Pens Equity Ser 3 (z)	1378.8	1451.3	-10.2	–
Pens Higher Inc S 3 (z)	332.5	350.0	-2.0	–
Pens Fixed Int S 3 (z)	575.5	605.7	-2.5	–
Pens Index-Lnkd Sec S 3 (z)	240.2	253.1	-1.1	–
Pens Property S 3 (z)	486.0	511.6	+0.3	–
Pens N America S 3 (z)	192.0	202.1	-0.4	–
Pens Far East S 3 (z)	336.1	353.7	+3.0	–
Pens Europe S 3 (z)	203.3	213.9	+0.5	–
Pens Overseas S 3 (z)	837.9	881.9	+0.8	–
Pens Managed S 3 (z)	818.8	888.8	-3.8	–
Pens Cash S 3 (z)	418.8	440.9	+0.7	–
Pens DAF Series 3(z)	234.3	246.6	–	–
Pens DAF Series 1(z)	464.4	488.8	–	–
Pens Opportunity S 3 (z)	177.7	187.0	+0.4	–

Black Horse Life Assurance - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Pension Funds				
Managed Pen Fd	227.36	239.33	-0.39	–
Fixed Int Pen Fd	186.84	195.84	-0.88	–
Property Pen Fd	206.39	217.26	+0.28	–
Cash Pen Fd	175.45	184.69	+0.03	–
UK Equity Pen Fd	186.01	195.80	-0.39	–
Nth Amer Pen Fd	184.25	193.95	-3.52	–
European Pen Fd	201.92	212.55	+0.91	–
Far East Pen Fd	218.80	227.18	+1.90	–

Britannia Life Assurance

50 Bothwell Street, Glasgow G2 6HR 041-248 2000

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Performance	167.1	176.0	+0.7	–
Performance Plus	163.3	172.0	+0.9	–
With Profit Pensions	166.7	175.3	–	–
UK Opportunity	185.4	195.1	+1.1	–
European Opportunity	219.0	231.7	+1.6	–
Nth American Opp	166.3	175.0	+0.6	–
Far Eastern Opp	221.2	234.0	+1.7	–
Overseas	188.0	198.9	+0.9	–
Gwth Prp Ser 1 Mar 6	140.8	148.0	–	–
Gwth Prp Ser 2	166.7	176.4	–	–
Fixed Interest	197.8	209.1	-1.0	–
Cash	152.2	161.0	–	–

Britannia Life Ltd

50 Bothwell Street, Glasgow G2 6HR 041-248 2000

	Bid Price	Offer Price	+ or -	Yield Gross
Equity Pen Acc	68.40	73.50	+0.40	–
Building Soc Pen Acc	46.60	48.90	–	–
American Pen Acc	74.20	79.70	+0.30	–
European Pen Acc	41.20	44.20	+0.40	–
International Pen Acc	57.70	62.00	+0.40	–
Managed Pen Acc	47.50	51.00	+0.30	–

Canada Life Group

High St, Potters Bar, Herts, EN6 5BA 0707 651122

Crown Financial Management Ltd

Crown Hse, Woking GU21 1XW

	Bid Price	Offer Price
Life Funds		
American Acc	129.1	135.8
Equity Acc	841.1	885.3
European Acc	248.5	267.5
Fixed Interest Acc	385.4	405.6
High Income Acc	809.3	851.8
Intl. Acc	603.2	620.8
Inv. Trust Acc	873.2	919.1
Japanese Acc	241.8	254.5
Managed Acc	605.9	637.7
Money Acc	293.3	308.7
Property Acc	258.5	280.9
Individual Pension Funds(z)		
American	150.0	157.8
Building Society	198.3	208.7
Equity	1037.4	1092.0
European	358.1	378.9
Fixed Interest	449.9	473.5
International	265.7	279.6
Investment Trust	477.2	495.8
Japanese	244.6	257.3
Managed	629.8	662.9
Money	363.3	382.4
Property	166.7	175.4
Group Pension Funds(z)		
American	163.2	169.1
Equity	1148.4	1190.0
European	389.7	400.7
Fixed Interest	517.9	536.6
International	287.1	297.5
Investment Trust	513.7	532.3
Japanese	263.8	273.3
Mixed	912.2	945.2
Money	494.1	512.0
Property	180.4	186.9

OTHER UK UNIT TRUSTS

[illegible]

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	Bid Price	Offer Price	+ or -	Yield Gross
Royal Heritage Life Assurance Ltd - Contd.				
Baring Funds				
Eastern	550.8	579.8	+40.1	-
European Smlr Cos	201.9	212.6	+0.7	-
Managed	223.7	235.5	+0.8	-
Gartmore Funds				
British	402.5	423.7	+2.0	-
European	250.9	264.2	+0.8	-
Frontier Markets	229.2	241.2	+1.6	-
Global Bond	120.1	126.5	-0.3	-
Gold Intl Resources	103.5	109.0	+2.3	-
High Inc	317.4	334.2	-0.7	-
Hong Kong	565.1	594.9	-5.1	-
Income	461.3	485.6	+1.4	-
Japan	390.2	410.8	+4.7	-
UK Smlr Cos	325.4	342.6	+1.0	-
Man Gth	494.0	520.0	+1.4	-
Global Inc & Gwth	185.1	194.9	+0.2	-
Pacific Growth	433.8	456.5	+0.6	-
INVESCO MIM				
European Smaller	183.8	193.5	+1.3	-
Sth & East Asia Gwth	441.0	464.3	-2.0	-
Inc Growth	329.5	346.9	+1.3	-
Japan Smlr Cos	236.0	248.6	+4.0	-
Man Growth	271.5	285.8	+1.1	-
Gilt	89.1	93.8	—	-
Perpetual Funds				
International Growth	177.9	187.3	+1.2	-
American Growth	221.4	233.1	+1.1	-
Intl Emerging Cos	271.9	286.3	+0.6	-
European	201.5	212.2	+0.9	-
Managed	204.6	215.4	+1.4	-
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS			051-239 3000	
Royal Shield Fd.	978.9	1033.7	—	-
Royal Life (Unit Linked Assurances) Ltd				
Managed Fund	389.60	410.10	+0.2	-
Equity Fund	557.7	587.0	-0.4	-
Property Fund	306.4	322.5	—	-
International Fund	482.4	507.7	+1.8	-
Gilt Fund	383.8	403.9	-1.4	-
Money Fund	216.6	227.9	+0.1	-
United States Fund	252.4	265.6	+1.4	-
Pacific Basin	305.4	321.4	+1.2	-
Royal Life (Unit Linked Pension Fds) Ltd				
Exempt Man Fd Acc	480.7	505.9	+0.8	-
Exempt Equity Fd Acc	638.4	682.5	+1.8	-
Exempt Prop Fd Acc	315.3	331.8	—	-
Exempt Intl Fd Acc	793.8	835.3	+3.1	-
Exempt Gilt Fd Acc	457.6	481.6	-1.9	-
Exempt Money Fd Acc	296.9	312.5	+0.1	-
Royal Liver Assurance				
Royal Liver Building, Liverpool, L3 1HT.			051-236 1451	

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Provident Group - Contd.				
Other Funds				
BSB Select Managed	126.4	133.1	+0.2	-
SWM Superior Growth	227.7	239.7	+1.7	-
SWM Superior Distribution	118.8	125.1	+0.2	-
K&J Hovers Managed Pens	135.9	143.1	+0.2	-
Capital Income & Growth	149.3	157.2	—	-
Cap Retirement Ptfolio	212.3	223.5	+3.9	-
JNJ Managed Pens	188.1	198.0	+2.1	-
Templeton Retirement Ptflo	141.8	149.3	-0.3	-
Invtec Baroam Inc & Gwth	119.1	125.4	-0.2	-
Scottish Widows' Group				
PO Box 902, Edinburgh EH16 5BU			031-655 6000	
Inv Pol 1 Dec 31	884.9	934.9	—	-
Inv Pol 2 Dec 31	897.2	944.6	—	-
Inv Pol 3 Dec 31	861.8	907.1	—	-
Inv Pol Cash Ser 2 Dec 31	304.8	320.7	—	-
Inv Pol Cash Ser 3 Dec 31	300.9	316.9	—	-
Mixed Fund	469.1	493.9	—	-
Equity Fund	592.5	661.7	—	-
Property Fund	224.2	236.1	—	-
International Fund	600.9	627.3	—	-
Fixed Int. Fund	404.6	426.2	—	-
Index Stk. Fd.	213.6	224.9	—	-
Cash Fd.	221.6	233.2	—	-
Pens. Mixed Fd. Ord.	628.9	690.0	(z)	-
Pens. Equity Fd. Ord.	744.8	784.1	(z)	-
Pens. Prop. Fd. Ord.	303.8	319.9	(z)	-
Pens. Int. Fd. Ord.	651.5	685.9	(z)	-
Pens.Fxd.Int.Fd.Ord.	605.4	637.6	(z)	-
Pens.Ind.Stk.Fd.Ord.	251.7	265.0	(z)	-
Pen. Cash Fd. Ord.	330.1	366.0	(z)	-
Building Society	097.3	102.5	(z)	-
PM Mxd	3058.5	3058.5	(z)	-
PM St Ex	3278.4	3278.4	(z)	-
PM St Ex Eq	140.3	140.3	—	-
PM St Ex Fi	183.7	183.7	—	-
PM Property	276.1	276.1	(z)	-
PM Pens Protection	215.4	215.4	(z)	-
PM IL Protection	133.3	133.3	—	-
PM Cash	385.4	385.4	(z)	-
Skandia Life Assurance Co Ltd (z)				
Skandia Hse, Portland Terr, Southampton			0703 334411	
Skandia Price Line 0800 181396				
Life Managed Funds				
Skandia Cautious	146.8	154.5	-0.9	-
Skandia Balanced	380.1	400.1	-3.6	-
Skandia Distribution	117.9	124.1	-1.4	-
Skandia Ethical Selection	120.8	127.1	-0.2	-
Skandia Deposit	259.7	273.3	—	-
Abtrust Managed	134.5	141.5	+0.7	-
Baring Managed	145.8	153.5	+0.6	-
CU Managed	245.9	258.8	-0.9	-

TSB Life Ltd

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

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LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES AND MONEY

MARKETS REPORT

Bentsen checks $-yen

Officials' statements, rather than government statistics, dominated trading on money markets yesterday in the absence of significant fresh economic data, *writes Gillian Tett.*

A speech from Mr Lloyd Bentsen, US Treasury secretary, deploring the yen's slide, focused market attention around the politically sensitive yen-dollar rate. But, with the Bundesbank council meeting today, the possibility of German interest rate cuts continued to undermine the D-Mark's ailing fortunes.

● Following recent rapid dollar gains, the yen staged a small recovery yesterday after Mr Bentsen's carefully timed intervention. Speaking in Washington, Mr Bentsen said that "allowing the yen to slide" was not "an acceptable way out of recession for Japan".

His comments pushed the dollar briefly down to Y112.2, from Tuesday's close of Y113.2. However it later rallied, closing in London at Y112.8.

The yen's failure to sustain its initial surge against the dollar was not unexpected, dealers said. The dollar's resilience at Y112.1 suggested the US currency remained well supported, they said.

"The yen had a knee jerk reaction. But since then it is looking a bit softer," explained Mr Stephen King, deputy chief economist of James Capel. Since the Japanese trade surplus was already declining, Mr Bentsen's comments would not have the same impact as his similar intervention last year, he noted.

But, as Mr Neil MacKinnon, chief economist at Citibank, pointed out, the US and Japanese government still faced difficult decisions.

Though the appreciation of the yen was central to US policy last year, the severity of the recession in Japan is likely to demand a further weakening of the yen – Mr MacKinnon himself, using OECD figures, calculates that without new fiscal policies the yen will need to depreciate to Y130 against the dollar in coming months before there could be any "kickstarting" of the Japanese economy.

The fact that the market is currently underweight in yen might provide a small corrective factor. But the Japanese government's failure to implement any fresh fiscal policies is likely to remain a major source of concern on the currency markets. The US now appears to be trying to put pressure on Japan "to get their act together" on fresh fiscal policies, he said.

● Amid market speculation about the likelihood of German rate cuts today, a comment from Mr Hans-Juergen Koebnick, a member of the Bundesbank Central Council, criticising the high level of German rates was a key factor influencing the trade in dollar against the D-Mark. Speaking on German radio, Mr Koebnik said that a "significant" fall in German rates was likely this year.

The comments pushed the dollar higher, cancelling out early D-Mark losses. It finally closed at DM1.7399, little changed on the previous day.

With the German economy faltering, the D-Mark is expected to remain weak irrespective of whether the Bundesbank cuts rates today. Although West German unemployment figures for December published yesterday were marginally better than expected, worse-than-expected industry order data, showing a 0.8 per cent fall in orders in November, again underlined the recessionary state of the German economy.

● Meanwhile, hopes of a German rate cut were boosted slightly yesterday when two European banks slightly reduced their own rates. The Central Bank of Denmark shaved 0.25 of a percentage point off its discount and key deposit rates, bringing them to 6 per cent, the ninth such cut since August.

The Austrian National Bank cut its own GOMEX rate by 10 basis points to 5.5 per cent, effective Friday, opening up the differential between its own rate and the equivalent German repo rate to the highest since June.

Dealers suggested that if the Bundesbank cut rates today the Central Bank of Denmark might cut further. But in light of today's holiday in some German states, the market suspicion is that the most likely reduction will now come in the repo rate next week.

The Bundesbank gave no hint of its intentions by allotting DM97.4bn at its securities repurchase tender at a fixed rate of 6.00 per cent. This was the last of a series of fixed rate repos announced in December.

● Meanwhile, in England scepticism about the prospect of a British rate cut is gathering pace, after a comment from Sir Nicholas Goodison, TSB chairman. Sir Nicholas said that now the British economy was recovering "there will be pressure to reduce interest rates. But this should be resisted."

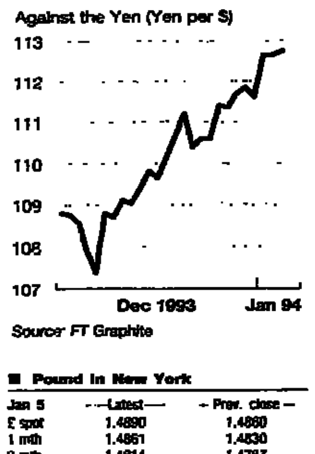
His scepticism was echoed on the futures market, where both March and June dated short sterling contract yesterday fell slightly. The March contract closed at 94.72, down from an opening position of 94.76.

Meanwhile, the pound held on to most of its gains in recent days closing at DM2.586, almost one pfennig up on its previous day's close of DM2.578.

● The Spanish currency slithered yesterday to its lowest level since August 16, closing at Pta83.18, from the previous day's Pta82.62. The prospect of a general strike scheduled for the end of the month, coupled with fears about the rising Spanish inflation, was likely to weaken the peseta further, dealers said.

Dollar

Against the Yen (Yen per $)



Source: FT Graphite

■ Pound in New York

Jan 5	—Latest—	– Prev. close –
£ spot	1.4890	1.4860
1 mth	1.4861	1.4830
3 mth	1.4814	1.4787
1 yr	1.4695	1.4675

POUND SPOT FORWARD AGAINST THE POUND

Jan 5		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.1729	+0.0773	649 - 809	18.1819	18.1014	18.1766	-0.2	18.186	-0.3	-	-	113.6
Belgium	(BFr)	53.6721	+0.0594	297 - 145	53.7272	53.5098	53.7421	-1.6	53.8671	-1.5	54.0971	-0.8	113.3
Denmark	(DKr)	10.0448	-0.0031	387 - 508	10.0619	10.0069	10.06	-1.8	10.0852	-1.6	10.1401	-0.9	115.4
Finland	(FM)	8.5464	-0.0229	285 - 622	8.6008	8.5266	-	-	-	-	-	-	80.2
France	(FFr)	8.7732	+0.0183	696 - 767	8.7770	8.7389	8.7811	-1.1	8.7934	-0.9	8.802	-0.3	108.3
Germany	(DM)	2.5861	+0.0079	849 - 872	2.5882	2.5745	2.5874	-0.6	2.5892	-0.5	2.5877	-0.1	122.6
Greece	(Dr)	371.216	+0.531	757 - 675	371.675	370.058	-	-	-	-	-	-	-
Ireland	(I£)	1.0418	-0.0057	412 - 424	1.0487	1.0294	1.0427	-1.0	1.0443	-1.0	1.048	-0.6	103.7
Italy	(L)	2517.88	+3.81	654 - 921	2526.71	2503.30	2524.03	-2.9	2536.08	-2.9	2580.63	-2.5	76.5
Luxembourg	(LFr)	53.6721	+0.0594	297 - 145	53.7272	53.5098	53.7421	-1.6	53.8671	-1.5	54.0371	-0.8	113.3
Netherlands	(Fl)	2.8910	+0.0095	895 - 924	2.8931	2.8801	2.8912	-0.1	2.8918	-0.1	2.8809	0.3	118.4
Norway	(NKr)	11.1506	-0.0017	443 - 569	11.1629	11.1062	11.1665	-1.7	11.1644	-0.5	11.1508	0.0	85.2
Portugal	(Es)	262.304	+0.239	130 - 477	262.497	261.333	263.609	-6.4	266.319	-6.1	-	-	-
Spain	(Pta)	215.149	+2.132	024 - 274	215.355	212.829	215.349	-3.3	216.939	-3.4	221.264	-2.8	83.3
Sweden	(SKr)	12.2104	-0.0334	001 - 207	12.3056	12.1375	12.2359	-2.5	12.2659	-1.8	12.3864	-1.4	75.1
Switzerland	(SFr)	2.1998	-0.0023	985 - 011	2.2045	2.1902	2.1973	1.4	2.1926	1.3	2.1677	1.5	116.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.2
Ecu	-	1.3316	+0.0035	307 - 325	1.3332	1.3270	1.3327	-1.0	1.3347	-0.9	1.3368	-0.4	-
SDR†	-	0.923347	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4833	+0.0043	829 - 837	1.4858	1.4789	-	-	-	-	-	-	-
Brazil	(Cr)	508.057	+9.46	920 - 194	509.000	499.000	-	-	-	-	-	-	-
Canada	(C$)	1.9550	+0.0043	541 - 553	1.9591	1.9456	1.9519	1.9	1.9475	1.5	1.9366	0.9	92.5
Mexico	(New Peso)	4.6151	+0.0028	125 - 177	4.6232	4.6081	-	-	-	-	-	-	-
USA	($)	1.4864	+0.0045	860 - 867	1.4888	1.4817	1.4834	2.4	1.4789	2.0	1.4672	1.3	67.7
Pacific/Middle East/Africa													
Australia	(A$)	2.1628	-0.0013	615 - 640	2.1711	2.1568	2.1608	1.1	2.1588	0.7	2.1591	0.2	-
Hong Kong	(HK$)	11.4791	+0.0332	756 - 825	11.4973	11.4439	11.4565	2.4	11.4239	1.9	11.3443	1.2	-
India	(Rs)	46.6268	+0.1282	121 - 415	46.7000	46.4850	-	-	-	-	-	-	-
Japan	(Y)	167.601	-0.078	502 - 700	168.510	166.890	167.146	3.3	166.251	3.2	162.096	3.3	174.8
Malaysia	(M$)	3.9061	+0.0014	037 - 085	3.9129	3.8735	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6471	+0.012	441 - 501	2.6541	2.6384	2.6506	-1.6	2.6527	-0.8	2.6539	-0.3	-
Philippines	(Peso)	41.1720	+0.1246	650 - 789	40.7413	41.3534	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5738	+0.0168	721 - 754	5.5826	5.5567	-	-	-	-	-	-	-
Singapore	(S$)	2.3771	-0.0094	758 - 784	2.3901	2.3722	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0502	+0.0056	479 - 525	5.0589	5.0378	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.4620	+0.0233	530 - 709	6.5034	6.4353	-	-	-	-	-	-	-
South Korea	(Won)	1207.44	+5.77	678 - 809	1209.35	1202.97	-	-	-	-	-	-	-
Taiwan	(T$)	39.5221	+0.0678	384 - 057	39.5700	39.4384	-	-	-	-	-	-	-
Thailand	(Bt)	38.0060	+0.0261	822 - 298	38.0540	37.9020	-	-	-	-	-	-	-

†SDR rate for Dec 31. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 5		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Morgan G'ty index
Europe													
Austria	(Sch)	12.2265	+0.015	240 - 290	12.2290	12.1830	12.2515	-2.5	12.2915	-2.1	12.3915	-1.3	103.1
Belgium	(BFr)	36.1100	-0.0695	900 - 300	36.1400	36.0600	36.23	-4.0	36.425	-3.5	36.88	-2.1	103.2
Denmark	(DKr)	6.7580	-0.0226	555 - 605	6.7760	6.7450	6.7805	-4.0	6.813	-3.3	6.898	-2.1	104.0
Finland	(FM)	5.7492	-0.0329	392 - 592	5.7910	5.7392	5.7622	-2.7	5.7807	-2.2	5.8292	-1.4	74.8
France	(FFr)	5.9025	-0.0056	015 - 035	5.9075	5.8835	5.9197	-3.5	5.9458	-2.9	6.0005	-1.7	104.7
Germany	(D)	1.7399	+0.0001	395 - 402	1.7406	1.7317	1.7443	-3.0	1.7507	-2.5	1.7635	-1.4	104.4
Greece	(Dr)	249.750	-0.4	500 - 000	250.000	249.340	253.5	-18.0	261.05	-18.1	293.25	-17.4	71.9
Ireland	(I£)	1.4267	+0.012	262 - 272	1.4415	1.4154	1.4226	3.4	1.4163	2.9	1.4002	1.9	-
Italy	(L)	1694.00	-2.58	350 - 450	1700.50	1687.54	1701.65	-5.4	1714.9	-4.9	1759.05	-3.8	77.1
Luxembourg	(LFr)	36.1100	-0.0695	900 - 300	36.1400	36.0600	36.23	-4.0	36.425	-3.5	36.88	-2.1	103.2
Netherlands	(Fl)	1.9450	-0.0002	445 - 455	1.9474	1.9384	1.9488	-2.4	1.9543	-1.9	1.9639	-1.0	103.9
Norway	(NKr)	7.5020	-0.0239	995 - 045	7.5220	7.4840	7.522	-3.2	7.5495	-2.5	7.622	-1.6	95.2
Portugal	(Es)	176.475	-0.375	400 - 550	176.800	176.000	177.73	-8.5	179.93	-7.8	187.675	-6.3	93.9
Spain	(Pta)	144.750	+1	700 - 800	144.800	143.480	145.515	-6.3	146.73	-5.5	150.81	-4.2	79.5
Sweden	(SKr)	8.2150	-0.0475	100 - 200	8.2907	8.1630	8.2475	-4.7	8.2925	-3.8	8.435	-2.7	80.1
Switzerland	(SFr)	1.4800	-0.0061	795 - 805	1.4855	1.4755	1.4812	-1.0	1.4826	-0.7	1.4778	0.2	103.0
UK	(£)	1.4864	+0.0045	860 - 867	1.4888	1.4817	1.4834	2.4	1.4789	2.0	1.4672	1.3	91.0
Ecu	-	1.1162	+0.0004	157 - 167	1.1187	1.1147	1.1131	3.4	1.108	2.9	1.0973	1.7	-
SDR†	-	1.36840	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9980	-0.0001	979 - 980	0.9981	0.9979	-	-	-	-	-	-	-
Brazil	(Cr)	341.815	+5.346	810 - 820	341.840	341.810	-	-	-	-	-	-	-
Canada	(C$)	1.3153	-0.0011	150 - 155	1.3182	1.3113	1.3159	-0.5	1.3169	-0.5	1.3203	-0.4	88.6
Mexico	(New Peso)	3.1050	-0.0075	040 - 060	3.1070	3.1040	3.1067	-0.7	3.1108	-0.7	3.125	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	102.9
Pacific/Middle East/Africa													
Australia	(A$)	1.4551	-0.0053	546 - 556	1.4609	1.4535	1.4563	-1.0	1.4593	-1.2	1.4674	-0.8	86.5
Hong Kong	(HK$)	7.7230	-0.001	225 - 235	7.7249	7.7225	7.7265	-0.5	7.7295	-0.3	7.7367	-0.2	-
India	(Rs)	31.3700	-0.0088	675 - 725	31.3725	31.3675	31.45	-3.1	31.655	-3.6	-	-	-
Japan	(Y)	112.760	-0.395	720 - 800	113.580	112.350	112.685	0.8	112.415	1.2	110.505	2.0	137.7
Malaysia	(M$)	2.6280	-0.007	270 - 290	2.6305	2.6070	2.631	-1.4	2.639	-1.7	2.6805	-2.0	-
New Zealand	(NZ$)	1.7810	+0.0027	794 - 825	1.7867	1.7784	1.7823	-0.9	1.7854	-1.0	1.7935	-0.7	-
Philippines	(Peso)	27.7000	-	000 - 000	27.9000	27.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7500	-	497 - 502	3.7502	3.7497	3.7585	-2.7	3.77	-2.1	3.79	-1.1	-
Singapore	(S$)	1.5993	-0.0112	988 - 998	1.6082	1.5980	1.5976	1.3	1.5958	0.9	1.6018	-0.2	-
S Africa (Com.)	(R)	3.3978	-0.0065	970 - 985	3.4040	3.3970	3.4141	-5.8	3.4431	-5.3	3.5501	-4.5	-
S Africa (Fin.)	(R)	4.3475	+0.0025	425 - 525	4.3800	4.3350	4.3745	-7.5	4.4325	-7.8	-	-	-
South Korea	(Won)	812.350	+2.1	100 - 600	812.600	810.600	815.35	-4.4	818.85	-3.2	837.35	-3.1	-
Taiwan	(T$)	26.5900	-0.035	400 - 400	26.6400	26.6000	26.6489	-2.7	26.77	-2.7	-	-	-
Thailand	(Bt)	25.5700	-0.06	600 - 800	25.6900	25.5500	25.5975	-1.3	25.845	-1.2	26.095	-2.1	-

†SDR rate for Jan 4. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 4. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan.5		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.71	16.35	4.818	1.941	4692	5.387	20.78	488.7	400.8	22.75	4.097	1.863	3.643	2.769	312.3	2.482
Denmark	(DKr)	53.46	10	8.738	2.576	1.038	2508	2.879	11.11	261.3	214.2	12.16	2.190	0.996	1.947	1.480	166.9	1.327
France	(FFr)	61.18	11.44	10	2.948	1.188	2870	3.295	12.71	299.0	245.2	13.92	2.507	1.140	2.228	1.694	191.0	1.518
Germany	(DM)	20.75	3.882	3.392	1	0.403	973.7	1.118	4.312	101.4	83.18	4.722	0.850	0.387	0.756	0.575	64.81	0.515
Ireland	(I£)	51.51	9.635	8.419	2.482	1	2417	2.774	10.70	251.7	206.4	11.72	2.110	0.960	1.876	1.428	160.8	1.278
Italy	(L)	2.131	0.399	0.348	0.103	0.041	100.	0.115	0.443	10.42	8.542	0.485	0.087	0.040	0.078	0.059	6.656	0.053
Netherlands	(Fl)	18.56	3.473	3.035	0.895	0.360	871.0	1	3.857	90.73	74.40	4.223	0.761	0.346	0.676	0.514	57.97	0.461
Norway	(NKr)	48.13	9.004	7.868	2.319	0.935	2258	2.593	10	235.2	192.9	10.95	1.972	0.897	1.753	1.333	150.3	1.195
Portugal	(Es)	20.46	3.828	3.345	0.986	0.397	960.0	1.102	4.251	100.	82.01	4.655	0.838	0.381	0.745	0.567	63.90	0.508
Spain	(Pta)	24.95	4.668	4.079	1.202	0.484	1171	1.344	5.184	121.9	100.	5.676	1.022	0.465	0.909	0.691	77.92	0.619
Sweden	(SKr)	43.96	8.223	7.185	2.118	0.853	2062	2.368	9.132	214.8	176.2	10	1.801	0.819	1.601	1.217	137.3	1.091
Switzerland	(SFr)	24.41	4.566	3.990	1.176	0.474	1145	1.315	5.070	119.3	97.82	5.553	1	0.455	0.889	0.676	76.22	0.606
UK	(£)	53.67	10.04	8.773	2.586	1.042	2518	2.891	11.15	262.3	215.1	12.21	2.199	1	1.955	1.486	167.6	1.332
Canada	(C$)	27.45	5.136	4.487	1.323	0.533	1288	1.479	5.703	134.2	110.0	6.246	1.125	0.512	1	0.760	85.73	0.681
US	($)	36.12	6.756	5.904	1.740	0.701	1694	1.945	7.503	176.5	144.8	8.217	1.480	0.673	1.316	1	112.8	0.896
Japan	(Y)	320.2	59.90	52.34	15.43	6.217	15024	17.25	66.53	1565	1283	72.85	13.12	5.967	11.66	8.866	1000.	7.947
Ecu		40.29	7.538	6.586	1.941	0.782	1890	2.170	8.371	196.9	161.5	9.167	1.651	0.751	1.468	1.116	125.8	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5729	0.5722	-0.0008	0.5740	0.5717	40,752	129,873
Jun	0.5704	0.5694	-0.0009	0.5706	0.5692	710	6,079
Sep	-	-	-	-	-	-	-

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8896	0.8874	-0.0022	0.8910	0.8818	30,731	99,398
Jun	0.8901	0.8914	-0.0022	0.8914	0.8871	622	4,228
Sep	-	0.8986	-0.0008	-	-	8	195

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6735	0.6748	+0.0018	0.6764	0.6725	21,356	45,606
Jun	0.6753	0.6753	+0.0027	0.6760	0.6745	33	324
Sep	-	0.6732	+0.0044	-	-	2	30

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.4806	1.4776	-0.0020	1.4812	1.4752	11,739	27,904
Jun	-	1.4720	-	-	1.4690	5	917
Sep	1.4680	1.4680	-0.0018	1.4680	1.4660	-	-
Dec	-	1.4640	-	-	1.4640	-	-

EMS EUROPEAN CURRENCY UNIT RATES

Jan 5	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.779312	-0.007253	-3.63	8.02	24
Netherlands	2.19672	2.16938	+0.00296	-1.24	5.41	-
Germany	1.94964	1.93992	+0.00323	-0.50	4.62	-
Belgium	40.2123	40.2926	-0.1299	0.20	3.89	-1
France	6.53883	6.58332	-0.00365	0.68	3.40	-6
Denmark	7.43679	7.54351	-0.0171	1.44	2.63	-10
Portugal	192.854	196.885	-0.139	2.09	1.97	-14
Spain	154.250	160.578	+0.549	4.10	0.00	-29
NON ERM MEMBERS						
Greece	264.513	278.917	+0.658	5.45	-1.27	-
Italy	1793.19	1888.39	-9.15	5.31	-1.15	-
UK	0.786749	0.752285	+0.000673	-4.38	8.87	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu, a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jan	Feb	Mar	PUTS Jan	Feb	Mar
1.400	8.00	7.82	8.06	-	0.10	0.50
1.425	5.57	5.63	6.09	-	0.36	0.96
1.450	3.19	3.72	4.34	0.09	0.86	1.70
1.475	1.33	2.20	2.89	0.60	1.81	2.69
1.500	0.32	1.16	1.88	2.09	3.21	4.10
1.525	0.02	0.53	1.12	4.21	5.07	5.83

Previous day's vol., Calls 16,272 Puts 24,991 . Prev. day's open int., Calls 516,185 Puts 436,547

WORLD INTEREST RATES

MONEY RATES

January 5	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	$7\frac{3}{8}$	$7\frac{3}{4}$	$6\frac{7}{8}$	6½	$6\frac{1}{8}$	7.40	5.25	-
week ago	$7\frac{3}{8}$	$7\frac{3}{4}$	7	6½	$6\frac{1}{8}$	7.40	5.25	-
France	6.10	6½	6¼	6	$5\frac{3}{8}$	6.20	-	7.75
week ago	6½	6½	$6\frac{1}{4}$	$6\frac{1}{8}$	$5\frac{3}{8}$	6.20	-	7.75
Germany	6.08	6.05	5.80	5.50	5.18	6.75	5.75	6.00
week ago	6.25	6.05	5.95	5.68	5.25	6.75	5.75	6.00
Ireland	$6\frac{1}{4}$	$6\frac{3}{4}$	6¼	$5\frac{7}{8}$	$5\frac{3}{8}$	-	-	6.75
week ago	$6\frac{1}{4}$	$6\frac{1}{4}$	$6\frac{1}{8}$	$5\frac{7}{8}$	$5\frac{7}{8}$	-	-	6.75
Italy	$9\frac{3}{4}$	8½	$8\frac{3}{8}$	$8\frac{1}{4}$	$7\frac{3}{4}$	-	8.00	8.72
week ago	$8\frac{3}{4}$	8½	8½	$8\frac{3}{8}$	$8\frac{1}{8}$	-	8.00	8.72
Netherlands	5.72	5.55	5.25	5.05	4.81	-	5.25	-
week ago	5.84	5.55	5.57	5.27	4.97	-	5.25	-
Switzerland	$4\frac{1}{4}$	$4\frac{1}{8}$	$4\frac{1}{4}$	$3\frac{7}{8}$	$3\frac{3}{8}$	6.625	4.25	-
week ago	$4\frac{1}{4}$	$4\frac{1}{8}$	$4\frac{1}{8}$	$4\frac{1}{8}$	$3\frac{3}{4}$	6.625	4.25	-
US	$3\frac{1}{4}$	$3\frac{3}{8}$	$3\frac{3}{8}$	$3\frac{1}{2}$	$3\frac{5}{8}$	-	3.00	-
week ago	$2\frac{7}{8}$	$3\frac{3}{8}$	$3\frac{3}{8}$	$3\frac{1}{2}$	$3\frac{3}{4}$	-	3.00	-
Japan	$2\frac{3}{8}$	$2\frac{3}{8}$	$2\frac{1}{4}$	$1\frac{7}{8}$	$1\frac{7}{8}$	-	1.75	-
week ago	$2\frac{3}{8}$	$2\frac{3}{8}$	$2\frac{1}{4}$	$1\frac{7}{8}$	$1\frac{7}{8}$	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	$3\frac{1}{4}$	$3\frac{3}{8}$	$3\frac{1}{2}$	$3\frac{7}{8}$	-	-	-
week ago	-	$3\frac{1}{4}$	$3\frac{3}{8}$	$3\frac{1}{2}$	$3\frac{13}{16}$	-	-	-
US Dollar CDs	-	3.02	3.11	3.27	3.62	-	-	-
week ago	-	3.02	3.06	3.20	3.51	-	-	-
SDR Linked Ds	-	$3\frac{3}{8}$	$3\frac{3}{8}$	$3\frac{1}{2}$	$3\frac{5}{8}$	-	-	-
week ago	-	$3\frac{3}{8}$	$3\frac{3}{8}$	$3\frac{1}{2}$	$3\frac{5}{8}$	-	-	-

3 Month US Treasury Bill Yield, 3.14 Prime Rate 6pc $ LIBOR Interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 5	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	$7\frac{3}{8}$ - $7\frac{1}{4}$	$7\frac{3}{8}$ - $7\frac{1}{4}$	$7\frac{3}{16}$ - $7\frac{1}{16}$	$6\frac{13}{16}$ - $6\frac{11}{16}$	$6\frac{1}{2}$ - $6\frac{3}{8}$	$6\frac{1}{8}$ - 6
Danish Krone	7 - $6\frac{1}{4}$	$7\frac{1}{4}$ - $6\frac{5}{8}$	7 - $6\frac{1}{2}$	$6\frac{3}{4}$ - $6\frac{1}{2}$	$6\frac{7}{16}$ - $6\frac{3}{16}$	$6\frac{1}{16}$ - $5\frac{7}{8}$
D-Mark	$6\frac{7}{16}$ - $6\frac{3}{16}$	$6\frac{3}{16}$ - $6\frac{1}{16}$	$6\frac{1}{8}$ - 6	$5\frac{7}{8}$ - $5\frac{3}{4}$	$5\frac{5}{8}$ - $5\frac{1}{2}$	$5\frac{1}{4}$ - $5\frac{1}{8}$
Dutch Guilder	$5\frac{13}{16}$ - $5\frac{11}{16}$	$5\frac{3}{4}$ - $5\frac{5}{8}$	$5\frac{9}{16}$ - $5\frac{7}{16}$	$5\frac{1}{4}$ - $5\frac{1}{8}$	$5\frac{1}{16}$ - $4\frac{15}{16}$	$4\frac{13}{16}$ - $4\frac{11}{16}$
French Franc	$6\frac{5}{8}$ - $6\frac{1}{2}$	$6\frac{5}{8}$ - $6\frac{1}{2}$	$6\frac{7}{16}$ - $6\frac{5}{16}$	$6\frac{3}{16}$ - $6\frac{1}{16}$	6 - $5\frac{7}{8}$	$5\frac{5}{8}$ - $5\frac{1}{2}$
Portuguese Esc.	$11\frac{3}{8}$ - $11\frac{1}{8}$	$11\frac{3}{8}$ - 11	$11\frac{1}{2}$ - 11	$11\frac{1}{2}$ - 11	$11\frac{1}{8}$ - $10\frac{3}{4}$	$10\frac{1}{2}$ - 10
Spanish Peseta	$9\frac{1}{4}$ - 9	$9\frac{3}{16}$ - $9\frac{1}{16}$	$9\frac{1}{8}$ - $8\frac{13}{16}$	$8\frac{3}{4}$ - $8\frac{1}{2}$	$8\frac{3}{8}$ - $8\frac{1}{8}$	$8\frac{3}{8}$ - $7\frac{7}{8}$
Sterling	6 - $5\frac{1}{4}$	$5\frac{5}{8}$ - $5\frac{1}{2}$	$5\frac{3}{8}$ - $5\frac{1}{4}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{3}{8}$ - $5\frac{1}{4}$	$5\frac{1}{4}$ - $5\frac{1}{8}$
Swiss Franc	$4\frac{3}{8}$ - $4\frac{1}{8}$	$4\frac{3}{8}$ - $4\frac{1}{8}$	$4\frac{3}{16}$ - $4\frac{1}{16}$	4 - $3\frac{7}{8}$	$3\frac{7}{8}$ - $3\frac{3}{4}$	$3\frac{11}{16}$ - $3\frac{9}{16}$
Can. Dollar	$3\frac{13}{16}$ - $3\frac{1}{4}$	$3\frac{7}{8}$ - $3\frac{11}{16}$	$3\frac{1}{4}$ - $3\frac{5}{8}$	$3\frac{7}{8}$ - $3\frac{3}{4}$	4 - $3\frac{7}{8}$	$4\frac{1}{4}$ - $4\frac{1}{8}$
US Dollar	$3\frac{1}{8}$ - 3	$3\frac{1}{8}$ - 3	$3\frac{1}{4}$ - $3\frac{1}{8}$	$3\frac{3}{8}$ - $3\frac{1}{4}$	$3\frac{1}{2}$ - $3\frac{3}{8}$	$3\frac{13}{16}$ - $3\frac{11}{16}$
Italian Lira	10 - 8	$8\frac{5}{8}$ - $8\frac{1}{8}$	$8\frac{3}{8}$ - $7\frac{7}{8}$	$8\frac{3}{8}$ - $7\frac{7}{8}$	$8\frac{1}{8}$ - $7\frac{3}{4}$	8 - $7\frac{5}{8}$
Yen	$2\frac{3}{8}$ - $2\frac{1}{4}$	$2\frac{1}{4}$ - $2\frac{1}{8}$	$2\frac{1}{4}$ - $2\frac{1}{8}$	$2\frac{1}{4}$ - $2\frac{1}{8}$	$1\frac{15}{16}$ - $1\frac{13}{16}$	$1\frac{7}{8}$ - $1\frac{3}{4}$
Asian $Sing	$3\frac{1}{2}$ - $2\frac{1}{2}$	$3\frac{1}{2}$ - $2\frac{1}{2}$	$3\frac{1}{2}$ - $2\frac{1}{2}$	4 - 3	4 - 3	$4\frac{1}{4}$ - $3\frac{1}{4}$

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.26	94.27	+0.02	94.38	94.22	26,399	108,613
Jun	94.82	94.78	-0.03	94.82	94.75	18,145	55,326
Sep	95.28	95.20	-0.06	95.28	95.19	5,396	36,988
Dec	95.50	95.45	-0.03	95.51	95.43	3,708	26,749

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.47	96.47	+0.01	96.47	96.47	145	4685
Jun	96.12	96.11	+0.01	96.12	96.11	57	2255
Sep	95.81	95.80	+0.01	95.81	95.81	46	811
Dec		95.40	+0.01			0	196

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.53	94.53	+0.01	94.55	94.49	41713	221194
Jun	95.05	95.02	-0.02	95.08	95.00	33746	154530
Sep	95.45	95.40	-0.05	95.46	95.38	18094	118002
Dec	95.67	95.62	-0.04	95.69	95.58	13936	86177

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.13	92.08	-0.05	92.13	92.02	5664	48259
Jun	92.64	92.60	-0.05	92.64	92.57	3076	24242
Sep	92.95	92.97	-0.01	92.97	92.93	1130	22778
Dec	93.12	93.16	+0.01	93.16	93.11	255	5495

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.27	96.28	+0.03	96.29	96.25	3502	34500
Jun	96.56	96.58	+0.03	96.59	96.56	904	12042
Sep	96.72	96.74	-	96.75	96.72	323	5089
Dec	96.73	96.75	-0.02	96.76	96.73	110	635

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.28	94.24	-0.04	94.28	94.22	1824	14267
Jun	94.78	94.75	-0.03	94.78	94.74	294	8778
Sep	95.15	95.12	-0.04	95.15	95.12	403	5989
Dec	95.42	95.39	-0.05	95.42	95.39	387	3457

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.46	96.48	+0.02	96.49	96.46	57,691	410,588
Jun	96.12	96.12	+0.01	96.13	96.11	68,141	335,432
Sep	95.81	95.81	+0.01	95.82	95.79	44,099	250,826
Dec	95.41	95.40	+0.01	95.41	95.38	24,047	180,078

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.77	96.76	-	96.77	96.76	2,612	27,708
Jun	96.48	96.47	+0.01	96.48	96.47	822	6,085
Sep	96.19	96.19	-	96.19	96.19	266	671

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9450	0.12	0.56	0.93	0.09	0.04	0.03
9475	0.04	0.35	0.70	0.26	0.08	0.05
9500	0.02	0.20	0.49	0.49	0.18	0.09

Est. vol. total, Calls 9720 Puts 5113. Previous day's open int., Calls 151847 Puts 79666

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9625	0.13	0.39	0.57	0.10	0.06	0.08
9650	0.04	0.20	0.38	0.28	0.12	0.14
9675	0.02	0.09	0.23	0.49	0.26	0.24

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1159 Puts 2460

UK INTEREST RATES

LONDON MONEY RATES

Jan 5	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	$6\frac{1}{4}$ - $5\frac{1}{4}$	$5\frac{5}{8}$ - $5\frac{1}{2}$	$5\frac{7}{16}$ - $5\frac{3}{8}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{3}{8}$ - $5\frac{1}{4}$	$5\frac{1}{4}$ - $5\frac{1}{8}$
Sterling CDs	-	-	$5\frac{13}{32}$ - $5\frac{11}{32}$	$5\frac{3}{16}$ - $5\frac{9}{32}$	$5\frac{3}{16}$ - $5\frac{1}{8}$	$5\frac{1}{8}$ - $5\frac{1}{16}$
Treasury Bills	-	-	$5\frac{3}{16}$ - $5\frac{1}{8}$	5 - $4\frac{15}{16}$	-	-
Bank Bills	-	-	$5\frac{3}{16}$ - $5\frac{1}{16}$	$5\frac{1}{16}$ - $4\frac{15}{16}$	5 - $4\frac{15}{16}$	-
Local authority deps.	$5\frac{11}{16}$ - $5\frac{3}{8}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{3}{16}$ - $5\frac{3}{16}$	$5\frac{3}{16}$ - $5\frac{1}{16}$	$5\frac{1}{8}$ - 5
Discount market deps.	$5\frac{7}{8}$ - $5\frac{1}{2}$	$5\frac{5}{8}$ - $5\frac{3}{8}$	-	-	-	-

UK clearing bank base lending rate $5\frac{1}{2}$ per cent from November 23, 1993

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	$1\frac{3}{4}$	$4\frac{1}{4}$	4	$3\frac{3}{4}$	$3\frac{3}{4}$

Certs of Tax dep. under £100,000 is $2\frac{1}{4}$pc. Deposits withdrawn for cash 1pc.
Ave. tender rate of discount 4.8934pc. ECGD fixed rate Stlg. Export Finance. Make up day December 31, 1993. Agreed rate for period Jan 26, 1994 to Feb 25, 1994, Schemes II & III 6.65pc. Reference rate for period Dec 1, 1993 to Dec 31, 1993, Schemes IV & V 5.375pc. Finance House Base Rate $5\frac{1}{2}$pc from Jan 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.76	94.71	-0.04	94.76	94.70	22602	117931
Jun	94.93	94.88	-0.06	94.95	94.87	25883	95681
Sep	95.02	94.97	-0.05	95.04	94.96	12847	50892
Dec	95.02	94.97	-0.05	95.04	94.96	6335	49483

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9450	0.26	0.47	0.60	0.05	0.09	0.13
9475	0.11	0.29	0.42	0.15	0.16	0.20
9500	0.04	0.17	0.28	0.33	0.29	0.31

Est. vol. total, Calls 9040 Puts 3723. Previous day's open int., Calls 103103 Puts 96087

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai.	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5		
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5		
Citibank NA	5.5	Lloyds Bank	5.5		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.5		
Clydesdale Bank	5.5	Midland Bank	5.5		
The Co-operative Bank	5.5	* Mount Banking	6		
Coutts & Co	5.5	NatWestminster	5.5		
Credit Lyonnais	5.5	●Rea Brothers	5.5		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

CAF Money Management Co Ltd [illegible]

Dao Heng Bank (London) PLC Premier Acc [illegible]

The CCLA [illegible]

Dresdner Bank Investment Management [illegible]

Fidelity Money Market Account [illegible]

Central Bd. of Fin. of Church of England [illegible]

Gartmore Money Management Ltd [illegible]

Halifax Bldg Soc Asset Reserve Cheque Acc [illegible]

Coutts & Co [illegible]

Money Market Bank Accounts

Aitken Hume Bank plc [illegible]

Julian Hodge Bank Ltd [illegible]

Allied Trust Bank Ltd [illegible]

Leopold Joseph & Sons Limited [illegible]

American Express Bank Ltd [illegible]

Lloyds Bank – Investment Account [illegible]

Bank of Ireland High Interest Cheque Acc [illegible]

Midland Bank plc [illegible]

Bank of Scotland [illegible]

Nationwide Bldg Soc – Business Investor [illegible]

Barclays Select [illegible]

Portman Bldg Soc Prestige Cheque Account [illegible]

Barclays Prime Account H.I.C.A. [illegible]

Rea Brothers Limited, Bankers [illegible]

Brown Shipley & Co Ltd [illegible]

Royal Bank of Scotland plc Premium Acc [illegible]

Caledonian Bank Plc [illegible]

Save & Prosper/Robert Fleming [illegible]

Cater Allen Ltd [illegible]

Tyndall Bank plc [illegible]

Charterhouse Bank Limited [illegible]

UCB Trust Limited [illegible]

Clydesdale Bank Flexible Solution Acc [illegible]

United Dominions Trust Ltd [illegible]

J. Henry Schroder Wagg & Co Ltd [illegible]

The Co-operative Bank [illegible]

Western Trust High Interest Cheque Acc [illegible]

Wimbledon & South West Finance PLC [illegible]

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year, "Compounded Annual Rate". Int Cr: Frequency at which interest is credited to the account.

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Jan 5 / Sch) · BELGIUM/LUXEMBOURG (Jan 5 / Frs.) · DENMARK (Jan 5 / Kr) · FINLAND (Jan 5 / Mks) · FRANCE (Jan 5 / Frs.) · GERMANY (Jan 5 / Dm.) · ITALY (Jan 5 / Lira) · NETHERLANDS (Jan 5 / Fls.) · NORWAY (Jan 5 / Kroner) · SPAIN (Jan 5 / Pts) · SWEDEN (Jan 5 / Kroner) · SWITZERLAND (Jan 5 / Frs.)

[illegible]

PACIFIC

JAPAN (Jan 5 / Yen) · HONG KONG (Jan 5 / H.K.$) · MALAYSIA (Jan 5 / MYR) · SINGAPORE (Jan 5 / S$) · AUSTRALIA (Jan 5 / Aust$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Jan 5 / Can $) 4 pm close

MONTREAL (Jan 5 / Can $) 4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Jan 5 / Rand)

[illegible]

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1993. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ **TOKYO - MOST ACTIVE STOCKS:** Wednesday, January 5, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Fujitsu	9.9m	866	+12	Hanwa	5.6m	535	+72
Isuzu Motor	8.8m	395	+25	NEC	4.9m	892	+18
Oki Electric Ind	7.2m	570	+20	Nippon Steel	4.8m	314	+7
Sumitomo Mtl Min	6.8m	924	+5	Hitachi	4.4m	836	+11
Toshiba	5.8m	708	+24	Sanyo Elec	4.1m	447	+20

INDICES

	Jan 5	Jan 4	Jan 3	1993/4 High		1993/4 Low	
Argentina							
General (29/12/77)	(u)	20881.0	20817.4	20881.00	4/1/94	12167.86	8/3/93
Australia							
All Ordinaries(1/1/80)	2198.8	2174.3	(c)	2198.80	5/1/94	1495.00	13/1/93
All Mining(1/1/80)	1072.0	1043.0	(c)	1072.00	5/1/94	584.70	13/1/93
Austria							
Credit Aktien(30/12/84)	441.58	439.73	435.97	441.58	5/1/94	308.26	14/1/93
Traded Index(2/1/91)	1166.53	1162.70	1149.56	1166.53	5/1/94	712.06	15/1/93
Belgium							
BEL20 (1/1/91)	1494.97	1475.88†	1461.76	1494.97	5/1/94	1125.46	4/1/93
Brazil							
Bovespa (29/12/83)	(u)	40065.0	38009.0	37308.00	28/6/93	714.72	4/1/93
Canada							
Metals Minls♦(1975)	(u)	3549.32	(c)	3881.97	13/12/93	2743.31	21/1/93
Composite♦ (1975)	(u)	4369.80	(c)	4369.80	4/1/94	3275.80	21/1/93
Portfolio§§ (4/1/83)	(u)	2085.91	(c)	2085.91	4/1/94	1720.97	21/1/93
Chile							
IPSA Gen (31/12/80)	(u)	4039.0	3992.5	4039.00	4/1/94	2612.59	10/5/93
Denmark							
CopenhagenSE(3/1/83)	378.33	377.41	370.74	378.33	5/1/94	281.90	4/1/93
Finland							
HEX General(28/12/90)	1671.3	1666.9	1601.1	1671.30	5/1/94	843.10	22/1/93
France							
SBF 250 (31/12/90)	1504.29	1511.83	1517.39	1517.39	3/1/94	1114.19	28/1/93
CAC 40(31/12/87)	2249.55	2274.34	2280.58	2280.58	3/1/94	1772.21	29/1/93
Germany							
FAZ Aktien(31/12/58)	854.52	855.87	854.59	866.67	4/1/94	598.92	14/1/93
Commerzbank(1/12/53)	2452.1	2459.0	2451.4	2469.00	4/1/94	1684.30	14/1/93
DAX (30/12/87)‡	2233.41	2253.58	2267.98	2267.98	3/1/94	1516.50	13/1/93
Greece							
Athens SE(31/12/80)	1019.39	994.21	990.21	1019.39	5/1/94	667.72	5/1/93
Hong Kong							
Hang Seng(31/7/64)	12167.93	12201.09	12088.40	12201.09	4/1/94	5437.80	4/1/93
India							
BSE Sens.(1979)	3454.0	3479.9	3465.8	3479.90	4/1/94	2100.87	23/4/93
Indonesia							
Jakarta Comp.(10/8/82)	(u)	598.94	589.65	598.94	4/1/94	273.91	5/1/93
Ireland							
ISEQ Overall(4/1/88)	1903.07	1906.18	(c)	1903.07	5/1/94	1181.19	11/1/93
Italy							
Banca Comm Ital (1972)	611.50	620.32	624.51	632.06	30/8/93	448.33	6/1/93
MIB General (4/1/94)	980.0	994.0♦	1000.0	1000.00	4/1/94	980.00	5/1/94
Japan							
Nikkei 225 (16/5/49)	17780.48	17808.74	(c)	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	271.82	268.22	(c)	309.84	10/11/93	240.04	29/11/93
Topix (4/1/68)	1462.65	1445.97	(c)	1698.67	3/9/93	1250.06	25/1/93
2nd Section (4/1/68)	1880.78	1873.33	(c)	2364.97	7/6/93	1861.22	28/1/93
Malaysia							
KLSE Comp.(4/4/86)	1314.46	1313.35	1288.65	1314.46	5/1/94	614.28	13/1/93
Mexico							
IPC (Nov 1978)	(u)	2558.89	2502.23	2602.63	30/12/93	1504.15	25/2/93
Netherland							
CBS TtlRtnGen(End 83)	440.1	436.6	436.7	440.10	5/1/94	295.70	4/1/93
CBS All Shr (End 83)	285.2	283.0	283.1	285.20	5/1/94	198.60	13/1/93
New Zealand							
Cap. 40 (1/7/86)	2132.80	(c)	(c)	2203.59	2/11/93	1495.37	21/1/93
Norway							
Oslo SE(Ind)(2/1/83)	1108.80	1097.91	1072.67	1108.80	5/1/94	669.93	27/1/93
Philippines							
Manila Comp (2/1/85)	3231.17	3308.37	3271.51	3308.37	4/1/94	1270.68	4/1/93
Portugal							
BTA (1977)	2709.3	2685.3	2619.9	2709.30	5/1/94	1608.20	14/1/93
Singapore							
SES All-S'pore(2/4/75)	637.55	641.61	638.01	641.61	4/1/94	394.10	13/1/93
South Africa							
JSE Gold (28/9/78)	2323.0♥	2331.0	2154.0	2331.00	4/1/94	775.00	5/1/93
JSE Indl. (28/9/78)	5688.0♥	5717.0	5596.0	5717.00	4/1/94	4333.00	19/4/93
South Korea							
KoreaCmpEx(4/1/80)**	866.93	877.30	879.32	886.83	5/1/94	605.93	6/3/93
Spain							
Madrid SE (30/12/85)	324.22	324.61	327.16	327.16	3/1/94	215.60	4/1/93
Sweden							
AffarsvarldsGen (1/2/37)	1438.8	1431.2	1424.9	1438.80	5/1/94	879.10	28/1/93
Switzerland							
Swiss Bk Ind (31/12/58)	1331.87	1326.73	1318.94	1331.87	5/1/94	904.80	11/1/93
SBC General (1/4/87)	1031.99	1028.57	1021.65	1031.99	5/1/94	678.70	11/1/93
Taiwan							
WeightedPr.(30/6/66)**	6416.84	(c)	(c)	6416.84	5/1/94	3088.43	9/1/93
Thailand							
Bangkok SET (30/4/75)	1709.64	1753.73	(c)	1753.73	4/1/94	818.84	1/6/93
Turkey							
Istanbul Comp.(Jan 1986)	22116.3	22288.4	21788.1	22288.40	4/1/94	3955.53	1/1/93
WORLD							
MS Capital Int (1/1/70)§	602.0*	600.5	598.9	607.10	15/10/93	488.60	13/1/93
CROSS-BORDER							
Eurotrack 100(26/10/90)	1473.05	1479.29	(c)	1479.29	4/1/94	1063.02	13/1/93
Euro Top-100 (26/6/90)	1235.43	1241.36	1246.77	1246.77	3/1/94	882.73	13/1/93
JCapeDrgns (31/12/88)	(u)	394.64	389.40	394.64	4/1/94	188.92	4/1/93
Barings Emerg.(7/1/92)	171.92	169.01	168.46	171.92	5/1/94	99.81	4/2/93

■ **CAC-40 STOCK INDEX FUTURES** (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	2291.0	2261.0	-24.0	2295.0	2254.0	21,495	40,498
Feb	2302.0	2273.5	-23.5	2306.0	2275.0	456	361
Mar	2314.0	2284.5	-24.5	2317.0	2280.5	324	30,447
Jun	2278.0	2260.5	-24.0	2278.0	2278.0	-	1,687

Open interest figures for previous day.

** Sat Dec 18: Taiwan Weighted Price 6202.14; Korea Comp Ex 854.00. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Jan 5 - 2223.61 -26.24.

US INDICES

Dow Jones	Jan 4	Jan 3	Dec 31	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3783.90	3756.60	3754.09	3794.33 (29/12/93)	3241.95 (20/1/93)	3794.33 (29/12/93)	41.22 (2/7/32)
Home Bonds	104.74	104.79	104.89	111.29 (10/12/93)	103.49 (11/1/93)	111.29 (10/12/93)	54.99 (1/10/81)
Transport	1754.59	1751.59	1762.32	1775.61 (28/12/93)	1453.84 (4/1/93)	1775.61 (28/12/93)	12.32 (8/7/32)
Utilities	226.60	227.06	229.30	256.46 (31/8/93)	217.14 (8/1/93)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3798.25 (3780.70) Low 3718.89 (3715.25) (Theoretical♦)
Day's high 3783.90 (3765.27) Low 3743.10 (3745.70) (Actual♦)

Standard and Poors	Jan 4	Jan 3	Dec 31	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	466.89	465.44	466.45	470.94 (28/12/93)	429.05 (8/1/93)	470.94 (28/12/93)	4.40 (1/6/32)
Industrials	542.81	540.06	540.19	543.94 (29/12/93)	496.48 (26/4/93)	543.94 (29/12/93)	3.62 (21/6/92)
Financial	43.97	43.93	44.27	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	259.87	258.27	259.08	260.67 (29/12/93)	236.21 (8/1/93)	260.67 (29/12/93)	4.46 (25/4/42)
Amex Mkt Val	477.36	477.24	477.15	484.28 (2/11/93)	395.84 (8/1/93)	484.28 (2/11/93)	29.31 (9/12/72)
NASDAQ Comp	774.22	770.76	776.80	787.42 (15/10/93)	645.87 (26/4/93)	787.42 (15/10/93)	54.87 (31/10/72)

■ **RATIOS**

	Dec 31	Dec 17	Dec 10	Year ago
Dow Jones Ind. Div. Yield	2.68	2.67	2.67	3.14
	Dec 29	Dec 22	Dec 15	Year ago
S & P Ind. Div. yield	2.38	2.40	2.45	2.58
S & P Ind. P/E ratio	27.21	27.43	27.16	26.78

■ **STANDARD AND POORS 500 INDEX FUTURES** $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	467.50	467.00	-0.50	467.75	467.00	49,969	177,517
Jun	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ **NEW YORK ACTIVE STOCKS**

Tuesday	Stocks traded	Close price	Change on day
Repsol	13,121,600	30¼	...
CML	6,856,100	17¼	-4⅛
Telefonos	6,731,800	66¼	+1⅜
Merck	3,569,600	36¼	+⅛
Time Warner	3,157,500	41⅛	-2⅛
Am T & T	3,142,100	52	-⅜
GTE	2,634,500	34¼	-⅜
Gen Motors	2,405,300	56⅞	+1⅛
RJR Nabisco	2,398,500	6¾	...
East Kodak	2,376,600	45⅛	+1⅜

■ **TRADING ACTIVITY**

● Volume (million)

	Jan 4	Jan 3	Dec 31
New York SE	322.451	269.161	167.623
Amex	19.329	17.222	16.264
NASDAQ	(u)	253.023	253.850
NYSE			
Issues Traded	2,710	2,718	2,684
Rises	1,206	901	1,181
Falls	916	1,315	890
Unchanged	588	502	613
New Highs	59	54	119
New Lows	30	17	15

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation. ♦ MIB Gen rebased at 1000.

4 pm close January 5

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15	11½	AAR	0.48	3.3	483	136	14½	14⅛	14½	+¼
29⅜	12¼	A L Labs A	0.18	1.2	34	141	14¾	14½	14⅝	
67¼	54⅝	AMP	1.60	2.6	22	2737	63¼	61¼	62⅛	-1
72¾	55½	AMR			54	4503	68⅞	67¼	68¾	+1⅜
3⅞	1¾	ARX			16	2332	u4¼	3⅞	4⅛	+¼
61½	29⅞	ASA	2.00	3.7	35	3598	u55¾	53½	53½	-⅛
30¾	22⅝	AbottL	0.88	2.3	18	26061	30⅝	29⅝	30	+½
12⅝	8¾	Abitibi Pr	0.50	4.1	7	60	12¼	11⅞	12¼	+½
19⅝	8¼	Acptocain			21	157	13	12¾	13	+½
36	25½	ACE Ltd	0.40	1.3	5	1298	30¾	30¼	30¾	+⅜
12⅝	10¾	ACM Gvt In	1.06	8.6		438	12¼	12⅛	12¼	+⅛
10⅛	9⅛	ACM GrOpp x	0.80	8.3		135	9¾	9½	9⅝	
10⅝	8¾	ACM Gvt Sp	0.95	9.4		278	10⅛	10	10⅛	+⅛
12¾	10½	ACM Gvt Se	1.04	8.8		644	11¾	11½	11¾	+⅛
12¾	9⅝	ACM Man x	1.08	9.7		249	11⅞	11⅛	11⅛	
9⅜	8⅝	ACM Managd x	0.72	7.9		343	9⅛	9	9⅛	+⅛
12⅜	7¾	AcmeClv	0.44	4.5	12	94	9⅞	9⅝	9⅞	-⅛
11⅜	6⅜	Acme Elect			35	134	7¾	7¼	7¾	+⅛
27⅝	18⅜	Acordia	0.44	1.7	14	18	25¾	25½	25¾	+⅛
16	10⅜	Acuson			59	312	13	12½	12⅞	+⅜
21¾	17¾	Adams Expr	0.52	2.8	0	182	18¼	18	18¼	+¼
66¼	45½	Ad Micro	3.00	6.3		28	48⅛	47⅞	47⅞	
32¾	17	AdvMic	3.00	16.6	8	6942	18½	18	18⅛	-⅛
8⅛	5½	Advest Grp	0.16	2.4	11	129	6⅝	6⅝	6⅝	
24¾	14¾	Advo Inc	0.08	0.4	87	65	18⅝	18¾	18⅞	-⅛
58½	41⅛	Aegon ADR	1.23	2.2	12	137	56½	55¾	56½	
66¼	43⅞	AetnaL	2.76	4.7	25	1412	59½	58⅝	58⅝	-¾
34	24¾	Aflac	0.40	1.4	12	2087	28	28⅞	28	+⅞
22⅛	16¾	Ahmnsn	0.88	4.5	9	1463	19⅞	19⅝	19¾	
7¾	3⅝	Aileen Inc			5	456	4	d3⅝	3¾	-¼
48½	37½	AirPrC	0.92	2.0	25	1229	45⅝	44⅝	45½	+⅝
35¼	18⅛	Airborne Frt	0.30	0.9	28	885	34¾	34	34⅝	-⅞
25½	9¾	Airgas Inc			42	632	21½	21	21½	+½
18⅛	10½	Airlease x	1.84	11.9	11	43	15½	15⅜	15½	
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NYSE COMPOSITE PRICES

4 pm close January 5

Continued from previous page

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs

AMEX COMPOSITE PRICES

4 pm close January 5

NASDAQ NATIONAL MARKET

4 pm close January 5

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

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- P - Q -

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AMERICA

Dow follows uneasy bond market lower

Wall Street

Further evidence of economic expansion brought little cheer to US equity investors yesterday morning, as share prices followed the lead of a sagging bond market, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 5.07 lower at 3,778.83, while the more broadly based Standard & Poor's 500 was 0.50 down at 466.39. Secondary indices managed slight gains, with the American SE composite 0.50 ahead at 477.86, and the Nasdaq composite up 0.33 at 774.61.

Volume on the NYSE was heavy, with 218m shares traded by 1 pm. Advancing issues led declines, 1,029 to 960.

Concern over higher interest rates again overshadowed hopes that a strong economy would boost corporate profits. Strength in manufacturing was documented further by the Commerce Department, which reported that factory orders in November had risen by 1.4 per cent, against a consensus forecast of 1.3 per cent and October's 1.2 per cent rise.

The robust data assured the demise of a late rally in bond prices in the previous session. Inflationary concerns resurfaced and the 30-year government security shed 11/32 to 98 1/32 by midday.

In spite of the unease over interest rates, some cyclical issues, those most likely to be rewarded by sustained growth, showed improvement.

Paper and pulp stocks were strong. International Paper gained $1¼ to $71¼ and Georgia Pacific $1¼ to $71¾. Federal Paperboard was marked up $1⅜ to $24 and Boise Cascade $1½ to $25⅛ on a buy recommendation from Oppenheimer.

Among individual issues, Borden dropped $1⅞ to $16⅞ after its board approved a sweeping restructuring plan, which includes the disposal of several businesses and a $650m charge against fourth-quarter earnings.

Merck, the most active NYSE issue, added $1⅜ to $37¼ the day after announcing a reorganisation and naming an heir-apparent to its chairman, Mr P Roy Vagelos.

On the Nasdaq, Apple Computer had another strong showing, climbing $1½ to $33, while Microsoft was $1¼ ahead at $81¾ after Ragan MacKenzie upgraded the stock.

Mexico was sharply higher at midmorning, reckoning that the government was getting the upper hand against rebels in Chiapas. The IPC index, after a late rebound on Tuesday, rose 80.13, or 3.1 per cent, to 2,639.02. Volume was moderate at 36.1m shares.

In Brazil, stocks rose by 4 per cent in heavy midsession trade, the Bovespa index gaining 1,650 at 41,655 at 1300 local time after Tuesday's 5.3 per cent advance. Brokers said this reflected safe-haven buying due to jitters over Brazil's monetary policy, and a continued inflow of foreign money into the market.

Canada

Toronto added to morning gains at midday, the TSE 300 composite index rising 18.46 to 4,387.00 in heavy volume of 51.72m shares.

The transportation sector shot up 147.59, or 3.7 per cent, to 4,172.26 on a powerful performance by Laidlaw whose class A and B shares both added C$⅝ to C$10.

SOUTH AFRICA

Johannesburg was lower as the gold bullion price eased and profits were taken after Tuesday's surge. The industrials index fell 29 to 5,688 and golds shed 8 to 2,323. The overall index lost 2 to 5,086. Anglos dipped R1 to R234.

EUROPE

Akzo the star performer as Amsterdam peaks

Subdued again in Frankfurt and Paris, the continent still managed to produce a string of new highs yesterday, *writes Our Markets Staff.*

AMSTERDAM overcame mid-session profit-taking in a late rebound which restored prices to record levels and the AEX index closed 1.51 higher at 422.40.

Akzo was the star performer, rising Fl 9 or 4.7 per cent to Fl 200.00 after a company presentation confirmed analysts' positive expectations of the group's acquisition of Nobel's core chemical businesses.

Hoogovens, the steel group, continued its recent run, setting a 12-month intra-day high of Fl 54.00 before closing Fl 1.80 firmer at Fl 53.70.

Elsevier fell Fl 3.20 to Fl 185.00, erasing Tuesday's gain which followed a a report that the US Paramount group had once tried to acquire a stake in the publisher.

ZURICH moved ahead in spite of profit-taking during the afternoon and the SMI index added 7.9 to another record close of 3,007.1.

The biggest gains were seen among cyclicals with Sulzer adding SFr35 or 4.1 per cent to SFr880, helped by a warrant issue and its inclusion as a constituent of the SMI index since January 1.

Ascom shed SFr80 or 5.5 per cent to SFr1,365 after a local newspaper report that the troubled telecommunications group had lost a semi-exclusive contract with the Swiss PTT. A statement from Ascom that it had just signed a new contract came after the bourse closed.

Adia added SFr15 to SFr208 after a report that chart analysis indicted a forthcoming upturn in the price.

FRANKFURT featured relative weakness in banks as the Dax index fell 20.17 to 2,233.41 on the session, and another 9.80 to 2,223.61 in the post bourse.

Commerzbank fell DM12.50, or more than 3 per cent to DM385 and Bayernverien DM12.50 to DM565. Analysts said that attention might be moving from banking profits, very high in 1993, to the current level of provisions, and that Commerzbank had been relatively strong lately ahead of its rights issue.

Turnover fell from DM11.9bn to DM10.8bn. Laggards continued to attract attention, with construction stocks joined yesterday by steels, where Klöckner-Werke rose DM4.60 to DM112.50 and Preussag by DM8 to DM459.50.

PARIS took profits in a big way, turnover climbing from FFr4.5bn to FFr6.03bn as the CAC-40 index fell 24.79 to 2,249.55.

Peugeot fell FFr16 to FFr761 after Tuesday's car industry figures which showed that sales fell last year to their lowest since 1975.

Among recently strong performers, Société Generale came back FFr21 to FFr745 but Eurotunnel continued the run of strength on its tariff announcement and last week's extension of its concession to operate the Channel tunnel, rising another FFr1.60 to FFr67.10.

MILAN slid 1.4 per cent in an overdue correction for a politically apprehensive market. The Comit index shed 8.32 to 611.50.

Industrial stocks suffered the heaviest losses with Fiat L167 lower at L4,215 and Olivetti down L77 to L2,008. Montedison was again the most heavily traded, losing L35 to L894 in volume of 34.7m shares, amid heavy arbitrage between the ordinary stock and the rights.

A L154 or 8.4 per cent fall to L1,676 in Ferruzzi was also attributed to arbitrage between its ordinary and rights shares.

MADRID was rescued by late buying after a bruising day, the general index easing 0.39 to 324.22 in turnover of Pta27.4bn.

In mixed to lower banks, still depressed by the Banesto situation, Santander fell Pta150 to Pta6,450. The search for laggards seemed evident here, too, with Tabacalera up Pta110 to Pta4,105 on the day.

BRUSSELS saw a new record close, 9.09 higher at 1,484.97 in high turnover of BFr1.78bn.

Gains were spread among cyclicals, financials and retailers. Cockerill, the steelmaker, rose BFr5 to BFr160 and Recticel (polyurethane foam) by BFr36 to BFr636, exemplifying the European tendency to look for laggard stocks. Retailers mostly advanced ahead of pending results, Delhaize rising BFr20 to BFr1,370.

STOCKHOLM shares ended mixed although the the Affärsvärlden index rose 7.7 to 1,438.8, posting a third consecutive record high.

OSLO hit another new high, spurred by stronger prices for Norway's North Sea oil. The all-share index closed 6.11 higher at 636.99 in turnover up from NKr933m to NKr1.13bn.

DUBLIN's ISEQ overall index rose another 24.97, or 1.3 per cent to another new high of 1,933.07 as analysts looked for a first quarter market gain of 10 to 15 per cent.

ATHENS accelerated its rate of climb again, the general index closing 25.18, or 2.5 per cent higher at 1,019.39 in very heavy trading. Turnover was estimated at about Dr10bn, the highest in the last two years.

Written and edited by William Cochrane and Michael Morgan

FT-SE Actuaries Share Indices

Jan 5							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1481.85	1483.53	1482.98	1479.02	1479.81	1474.87	1473.34	1473.05
FT-SE Eurotrack 200	1548.01	1549.08	1547.57	1545.83	1544.93	1540.76	1538.62	1540.12

	Jan. 4	Dec. 31	Dec. 30	Dec. 29	Dec. 24
FT-SE Eurotrack 100	1479.29	1473.36	1475.84	1466.30	1459.40
FT-SE Eurotrack 200	1545.77	1546.84	1547.64	1552.08	1535.05

Base value 1000 (26/10/90). Highday: 100 - 1482.67, 200 - 1550.19 Low/day: 100 - 1472.33 200 - 1537.98.

ASIA PACIFIC

Corrections, new highs in region as Nikkei adds 2.4%

Tokyo

Buying by arbitrageurs and foreign investors boosted share prices on the first full-day session for the year, and the Nikkei average closed 2.4 per cent up, *writes Emiko Terazono in Tokyo.*

The 225-issue index gained 413.74 at 17,783.48, while the Topix index of all first section stocks rose 16.88, or 1.2 per cent, to 1,462.85. In London the ISE/Nikkei 50 index was 3.16 higher at 1,213.54.

The Nikkei opened at the day's low of 17,376.54 and advanced steadily on arbitrage linked buying in tandem with a rise in the futures market. After a brief lull in the afternoon, further demand from overseas investors and investment trusts pushed the benchmark to a day's high of 17,793.18 just before the close.

Volume amounted to 293m shares, after Tuesday's half-day session total of 118m. Rises overwhelmed declines by 818 to 181, with 112 issues unchanged.

Financial institutions were seen selling, and traders expected profit-taking to increase as the index approaches the 18,000 level. However, strong buying of blue chip issues by foreign investors supported prices. "Many foreigners think that other overseas markets are becoming too high, and are increasing their allocation in Japanese shares," said a Japanese trader.

Prospects of rationalisation and the lower yen continued to lift export orientated, high-technology stocks. Fujitsu, the most active issue of the day, climbed Y12 to Y866. Sony added Y220 at Y5,840 on foreign buying.

Automakers were also strong, with Isuzu Motors up Y26 to Y395 and Honda Motor gaining Y60 at Y1,630.

Ajinomoto, a leading food manufacturer, moved ahead Y140 to Y1,340 on reports of its anti-Aids vaccine development project. Other drug and biotechnology issues were higher, with Dainippon Pharmaceutical rising Y44 to Y1,040.

Stronger gold prices pushed up Sumitomo Metal Mining by Y5 to Y924. Hanwa, a steel trader which was sold heavily last month on speculation of financial problems, rebounded Y72 to Y535 on short-covering.

Hopes of growing demand for car navigation systems left Pioneer Electronic Y70 stronger at Y2,910.

The day's losers included banks. Dai-Ichi Kangyo Bank lost Y10 to Y1,790 and Mitsubishi Bank Y10 to Y2,620 on profit-taking. Real estate companies were weak. Mitsubishi Estate shed Y7 to Y913.

In Osaka, the OSE average rose 320.65 to 19,591.76 in volume of 19.4m shares.

Roundup

The region mixed yet more highs in some markets with corrections in others.

TAIWAN posted one of its biggest percentage gains in years, opening 1994 with a 5.7 per cent rise to a 42-month high. The weighted index closed 346.28 ahead at 6,416.84 as turnover soared to T$145bn, the heaviest since June 1990.

Dealers and speculators celebrated the start of same-day trading, allowing sales of stocks bought earlier in the same day, although professionals said the move increased chances that the market would hit bouts of heavy profit-taking.

The market ignored the Finance Ministry's proposal to reimpose a stock capital gains tax.

SEOUL was a study in contrasts. The stock index hit a new peak, 9.63 higher at 886.93, as foreign investors continued to support financials and shares with low price-to-book ratios.

However, brokers said the market was due to consolidate on selling pressure from the Korea Stock Market Stabilisation Fund, and three trusts which are subject to pay back Won2,600bn in soft loans to the central bank by February 10.

KUALA LUMPUR took profits and fell from a fresh record high of 1,332.04, but the composite index still managed to end at a new closing peak of 1,314.46, up 1.11.

JAKARTA broke through the 600 barrier for the first time in nearly four years, the JKSE index finishing 12.95 stronger at 612.89. Volume was boosted by block deals in Bank International Indonesia of 9.5m shares at Rp8,300.

KARACHI gave credit for its record high to institutions, and foreign buyers looking for undervalued shares. The KSE index rose 20.13 to 2,274.02.

AUSTRALIA registered yet another post-1987 record on demand for resource stocks and a soaring futures market. The All Ordinaries index closed 19.1 up at 2,193.4, the March Share Price index gained 36 at 2,241, and surging mining and gold stocks pushed the All Resources index ahead 30.9 to 1,356.6.

Oil shares benefited from rising crude prices. Woodside put on 9 cents at A$4.32, Santos 7 cents at A$3.94 and Ampolex 29 cents at A$5.97. Turnover was A$744.91m.

HONG KONG saw profit-taking snap a string of four consecutive rises, although the Hang Seng index closed a mere 33.16 easier at 12,167.93 after trading in a 250-point band. Turnover was the second highest ever at a provisional HK$13.14bn, down from Tuesday's record HK$15.1bn.

SINGAPORE called it a correction as the Straits Times Industrial index fell 39.91, or 1.6 per cent, to 2,431.99 after hitting an intraday all-time high of 2,482.91.

BANGKOK saw record turnover of Bt40bn as investors took profits, and the SET index retrreated 44.09, or 2.5 per cent, to 1,709.64.

Investors' attention turns to Africa

By Michael Morgan

International institutional allocation to emerging markets rose by 3 percentage points to 13 per cent of overseas funds in 1993, according to 60 institutional investors and other financial institutions polled by Kleiman International Consultants.

The dollar allocation grew by an average of 75 per cent and a further 30 per cent increase is forecast for this figure in the coming year. The increases, says Kleiman, reflect the growing acceptance of emerging markets by clients of the US-based consultancy, polled for a five year review of developments in the field.

A broader geographic diversification was accompanied by a regional shift in allocations. This is attributed to a number of factors: the opening of new markets such as Zimbabwe and Jordan to foreign investment, strong performance in emerging markets and efforts to diversify portfolios. In 1990, only 7 per cent of respondents had holdings in Africa and/or the Middle East but the figure had grown to 50 per cent by 1993. Similarly, central and southern European markets were in 85 per cent of portfolios in 1993, compared with two-thirds in 1990.

Africa's 14 existing stock markets, and new ones opening in Zambia and Tanzania, are expected to benefit from further portfolio diversification in the coming year. While many European and Japanese institutions re-entered South Africa after Mr Nelson Mandela was released from prison, US investors only began to re-explore opportunities in the final quarter of last year.

The renewed attention paid to South Africa is expected to spill over to smaller, less liquid markets in the continent, including Morocco and Tunisia in the north and the southern markets of Botswana, Ghana, Namibia, Swaziland, Zambia and Zimbabwe.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES

Market	No. of stocks	Dollar terms: Dec 31 1993	% Change over week	% Change on Dec '92	Local currency terms: Dec 31 1993	% Change over week	% Change on Dec '92
Latin America							
Argentina	(11)	994.16	+6.3	+71.4	610,043.24	+6.3	+71.8
Brazil	(42)	232.72	-0.4	+86.2	101,621,953.9	+7.2	+4772.9
Chile	(20)	551.79	+0.6	+31.8	953.26	+1.3	+48.6
Colombia[1]	(8)	644.71	+1.9	+51.6	927.07	+3.3	+51.6
Mexico	(56)	1,000.89	+1.5	+48.1	1,342.15	+1.5	+47.8
Peru[2]	(7)	120.94	+8.1	+20.9	159.03	+9.1	+59.0
Venezuela[3]	(8)	591.88	+3.0	+13.9	1,421.33	+3.8	+52.3
East Asia							
China[4]	(16)	149.27	+2.0	+49.3	164.10	+2.0	+64.1
South Korea[5]	(130)	118.16	+1.5	+20.4	125.51	+1.5	+23.4
Philippines	(11)	336.65	+6.6	+152.1	439.11	+6.6	+171.6
Taiwan, China[6]	(76)	135.20	+17.7	+83.2	133.79	+17.4	+91.8
South Asia							
India[7]	(61)	116.31	+0.0	+24.1	128.63	+0.0	+34.7
Indonesia[8]	(31)	124.67	+5.2	+112.4	142.38	+5.2	+116.5
Malaysia	(61)	339.05	+2.5	+107.3	336.96	+7.6	+113.5
Pakistan[9]	(8)	387.95	+3.5	+93.8	528.19	+3.6	+127.9
Sri Lanka[10]	(5)	177.24	+2.9	+77.2	190.96	+3.1	+91.0
Thailand	(52)	477.61	+8.4	+107.3	483.21	+8.6	+107.2
Euro/Mid East							
Greece	(17)	227.68	+1.7	+16.6	384.48	+4.0	+35.0
Jordan	(5)	165.55	+0.8	+41.7	239.43	+0.6	+44.4
Portugal	(16)	113.57	+0.8	+47.2	137.87	+2.8	+76.8
Turkey[11]	(31)	212.60	+4.4	+217.9	1,454.78	+7.2	+442.4
Zimbabwe[12]	(5)	202.09	-0.1	n.a.	213.63	+1.4	n.a.

Indices are calculated at end-week, and weekly changes are percentage movement from the previous Friday. Base date: Dec 1988=100 except those noted which are: (1)Feb 1 1991; (2)Dec 31 1992; (3)Jan 5 1990; (4)Dec 31 1992; (5)Jan 3 1992; (6)Jan 4 1991; (7)Nov 6 1992; (8)Sep 28 1990; (9)Mar 1 1991; (10) Dec31 1992; (11)Aug4 1989; (12)July 2 1993.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JANUARY 4 1994								MONDAY JANUARY 3 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	168.71	+0.4	168.79	120.67	152.61	163.66	+0.2	3.14	168.10	168.34	119.43	151.82	163.51	168.71	117.39	124.03
Austria (17)	188.00	+0.3	188.08	134.47	170.05	169.52	+0.3	0.84	187.37	187.64	133.13	169.22	169.10	188.00	131.16	135.18
Belgium (42)	162.91	+0.0	162.98	116.51	147.35	145.35	-0.2	3.96	162.87	163.10	115.71	147.09	145.57	166.01	131.19	133.45
Canada (107)	138.46	+1.2	138.53	99.03	125.23	131.99	+1.4	2.54	136.80	136.99	97.18	123.53	130.19	138.46	111.41	115.30
Denmark (32)	255.66	+1.1	255.78	182.87	231.25	235.78	+1.0	0.96	252.98	253.33	179.73	228.47	233.40	255.66	185.11	189.86
Finland (23)	129.78	+4.7	129.84	92.83	117.39	157.49	+4.3	0.66	123.99	124.17	88.10	111.98	150.98	129.78	65.50	72.95
France (99)	176.62	-0.5	176.70	126.32	159.74	163.68	-0.5	2.84	177.46	177.71	126.07	160.26	164.48	179.49	142.72	146.40
Germany (59)	139.73	-0.6	139.79	99.95	126.38	126.38	-0.4	1.64	140.55	140.75	99.87	126.93	126.93	142.38	101.59	104.56
Hong Kong (55)	506.56	+1.1	506.80	362.33	458.22	502.34	+1.1	2.17	500.99	501.70	355.93	452.47	496.81	506.56	218.82	223.50
Ireland (14)	188.45	+1.8	188.55	134.80	170.46	187.71	+1.4	3.02	185.15	185.41	131.54	167.21	185.19	188.46	129.28	142.18
Italy (69)	68.54	-1.6	68.57	49.02	61.99	86.85	-2.0	1.88	69.64	69.74	49.48	62.89	88.64	78.93	53.78	53.78
Japan (469)	128.93	-0.2	128.99	92.22	116.63	92.22	+0.5	0.89	129.22	129.40	91.80	116.71	91.80	165.91	100.75	104.13
Malaysia (69)	619.19	+2.4	619.48	442.87	560.05	628.37	+1.2	1.16	604.51	605.37	429.47	545.93	621.04	619.19	251.66	258.93
Mexico (18)	2304.81	-3.4	2305.88	1648.57	2084.75	7843.36	-3.3	0.65	2386.18	2389.55	1695.30	2154.98	8108.54	2387.72	1410.30	1669.89
Netherland (25)	200.00	-0.2	200.09	143.05	180.90	177.56	-0.1	2.98	200.40	200.68	142.37	180.98	177.80	202.48	150.39	152.54
New Zealand (14)	68.27	+0.1	68.30	48.83	61.75	64.46	+0.0	3.63	68.22	68.31	48.47	61.61	64.46	68.38	40.56	42.91
Norway (23)	185.20	+2.4	185.28	132.47	167.52	189.16	+2.5	1.35	180.78	181.04	128.44	163.27	184.65	185.20	137.71	144.28
Singapore (45)	375.87	+0.8	376.04	268.85	339.97	278.95	+0.7	1.48	372.98	373.50	264.99	336.84	276.95	375.87	207.04	216.50
South Africa (60)	276.93	+3.2	277.06	198.07	250.48	262.99	+4.5	2.12	268.43	268.81	190.71	242.42	251.70	276.93	144.72	144.72
Spain (42)	139.11	-1.3	139.17	99.50	125.83	151.49	-0.7	3.95	140.89	141.09	100.10	127.24	152.54	145.24	115.23	118.24
Sweden (36)	202.05	+1.7	202.15	144.53	182.77	247.15	+0.6	1.41	198.72	199.00	141.19	179.47	245.72	208.92	149.70	168.73
Switzerland (49)	162.18	-0.2	162.26	116.01	146.71	149.42	+0.1	1.45	162.46	162.69	115.43	146.74	149.33	165.86	108.91	114.28
United Kingdom (215)	205.03	-0.1	205.12	146.64	185.43	205.12	-0.2	3.50	205.19	205.48	145.76	185.29	205.47	209.10	162.00	175.71
USA (517)	189.94	+0.3	190.03	135.86	171.81	189.94	+0.3	2.75	189.40	189.66	134.57	171.05	189.40	191.68	175.38	177.45
Europe (746)	170.14	-0.2	170.22	121.70	153.90	165.51	-0.2	2.74	170.49	170.73	121.13	153.97	165.91	172.29	133.92	137.44
Nordic (114)	195.81	+2.0	195.90	140.06	177.11	207.54	+1.3	1.20	192.02	192.29	136.43	173.42	204.88	195.81	142.13	151.80
Pacific Basin (721)	144.79	+0.0	144.86	103.57	130.97	108.63	+0.5	1.15	144.74	144.95	102.84	130.72	108.06	168.80	105.89	108.90
Euro-Pacific (1467)	155.19	-0.1	155.26	110.99	140.36	129.17	+0.2	1.87	155.30	155.52	110.33	140.25	128.84	162.86	117.26	120.45
North America (624)	186.72	+0.3	186.81	133.57	168.92	185.94	+0.3	2.74	186.11	186.37	132.24	168.11	185.32	188.13	171.51	173.60
Europe Ex. UK (531)	148.26	-0.3	148.33	106.07	134.14	142.28	-0.3	2.24	148.68	148.89	105.66	134.31	142.68	150.04	112.51	114.83
Pacific Ex. Japan (252)	295.22	+1.1	295.36	211.20	267.06	273.02	+0.8	2.21	292.04	292.45	207.52	263.77	270.78	295.22	152.70	155.72
World Ex. US (1652)	157.52	+0.0	157.60	112.68	142.49	132.56	+0.2	1.88	157.57	157.79	111.95	142.31	132.24	162.89	118.51	121.51
World Ex. UK (1954)	163.75	+0.1	163.82	117.13	148.13	145.27	+0.3	2.06	163.57	163.80	116.22	147.73	144.82	168.66	134.22	135.99
World Ex. So. Af. (2109)	166.65	+0.1	166.73	119.21	150.75	149.52	+0.2	2.21	166.56	166.79	118.35	150.43	149.21	170.46	137.29	139.51
World Ex. Japan (1700)	188.99	+0.2	189.07	135.19	170.97	185.58	+0.2	2.66	188.61	188.88	134.01	170.36	185.22	189.49	157.47	159.36
The World Index (2169)	167.34	+0.1	167.42	119.70	151.37	150.42	+0.3	2.21	167.18	167.42	118.78	151.00	150.03	170.68	137.32	138.43

Latest prices were unavailable for this edition. New Zealand market closed 4/1/94.